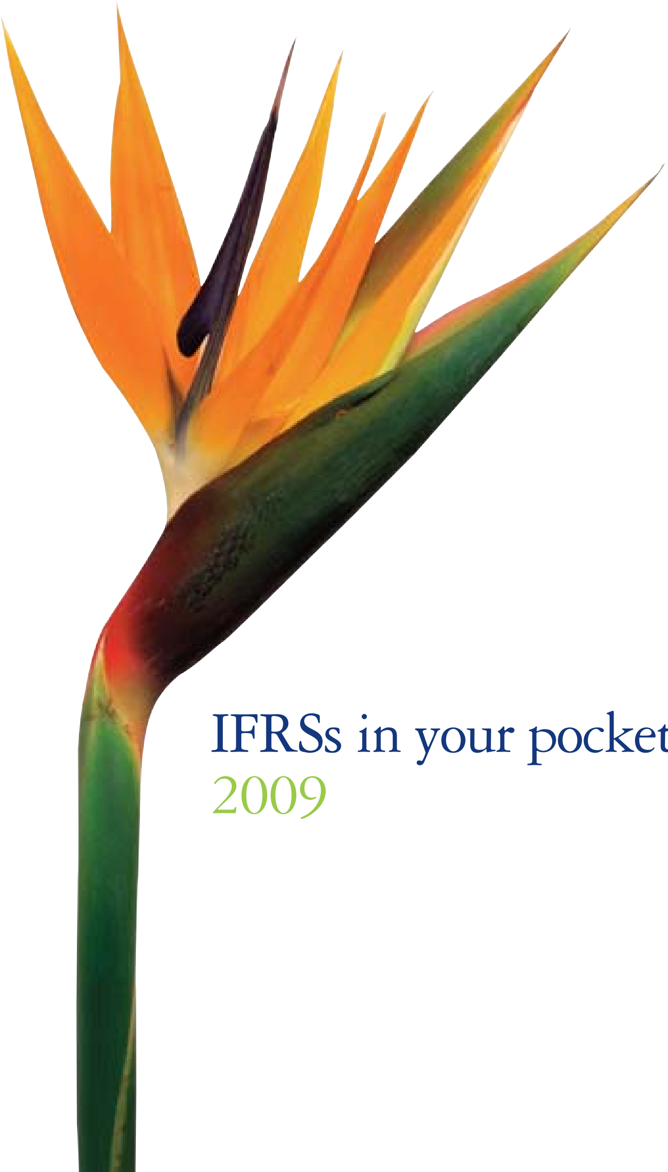
Deloitte.



IFRSs in your pocket 2009

Contacts

IFRS global office

Global IFRS leader
Ken Wild
kwild@deloitte.co.uk

IFRS centres of excellence

Americas

New York
Robert Uhl
iasplusamericas@deloitte.com

Montreal
Robert Lefrancois
iasplus@deloitte.ca

Asia-Pacific

Hong Kong
Stephen Taylor
iasplus@deloitte.com.hk

Melbourne
Bruce Porter
iasplus@deloitte.com.au

Europe-Africa

Johannesburg
Graeme Berry
iasplus@deloitte.co.za

London
Veronica Poole
iasplus@deloitte.co.uk

Copenhagen
Jan Peter Larsen
dk_iasplus@deloitte.dk

Paris
Laurence Rivat
iasplus@deloitte.fr

Foreword

Welcome to the 2009 edition of *IFRSs in your Pocket*, which brings the booklet up to date for developments up to the first quarter of 2009. We address the same material that has made this publication a world-wide favourite: background information on the structure and workings of the IASB; analysis of the use of IFRSs around the world; summaries of all current Standards and Interpretations; and up-to-date details of IASB and IFRIC agenda projects. It is an ideal guide for entities contemplating a move to IFRSs, as well as an update for veterans already reporting under the IFRS framework.

The global financial crisis that began in earnest in 2007 hit the IASB full-force during 2008 and continues to dominate its technical agenda in 2009. A high-profile amendment of IAS 39 in October 2008 permitted reclassification of certain non-derivative financial assets out of the 'fair value through profit or loss' category. In addition, a number of other amendments to IFRSs were made, some through the Annual Improvements process and others as separate projects, many of which are now effective. 1 January 2009 was also the effective date of IFRS 8 *Operating Segments*. The revised IFRS 3 and IAS 27 are effective from 1 July 2009.

The next two years are expected to be almost unprecedented in terms of the volume of activity related to IFRSs. Significant projects at the discussion paper stage in 2008 and 2009 include financial instruments, financial statement presentation, leases, post-employment benefits, and revenue recognition. The IASB hopes to complete all further due process steps on these projects by mid-2011. Exposure drafts on other topics have signaled or are expected to signal significant changes to current practices; in particular consolidation, derecognition, fair value measurement, insurance contracts and income taxes. Planned completion dates for these projects range from late 2009 to mid-2011. Add to this the ongoing repairs and maintenance of IFRSs through the Annual Improvements process and other minor projects, and it is clear that IFRSs continue to evolve at a rapid rate.

Not included in the summary above is any effect on the IASB's agenda that might result from calls for action from the Financial Stability Forum, G20, or any of several other global constituents as they seek solutions to the financial crisis. Financial reporting standards have assumed an unexpected prominence in the past few years – something that is likely to continue. It seems as though we will be living in interesting times for a while longer.

You can keep up to date on later developments in the arena of international financial reporting via our IAS Plus website **www.iasplus.com.** We believe that it is the most comprehensive source of news about international financial reporting on the internet – please check in regularly.

Ken Wild
Global IFRS leader
Deloitte Touche Tohmatsu

Our IAS Plus website

Deloitte's **www.iasplus.com** website provides, without charge, comprehensive information about international financial reporting in general and IASB activities in particular. Unique features include:

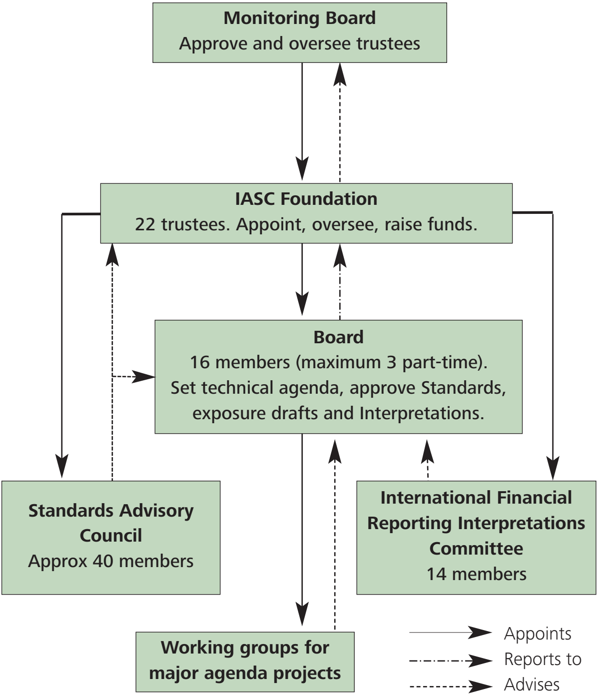
- daily news about financial reporting globally;
- summaries of all Standards, Interpretations and proposals;
- many IFRS-related publications available for download;
- model IFRS financial statements and checklists;
- an electronic library of several hundred IFRS resources;
- all Deloitte comment letters to the IASB;
- links to nearly 200 global IFRS-related websites;
- e-learning modules for each IAS and IFRS;
- complete history of adoption of IFRSs around the world;
- updates on developments in national accounting standards; and
- comparisons between IFRSs and local GAAPs.

Contents

Abbreviations

CESR	Committee of European Securities Regulators
DP	Discussion paper
EC	European Commission
ED	Exposure draft
EEA	European Economic Area (EU 27 + 3 countries)
EFRAG	European Financial Reporting Advisory Group
EITF	Emerging Issues Task Force (of FASB)
EU	European Union (27 countries)
FASB	Financial Accounting Standards Board (US)
FEE	European Accounting Federation
GAAP	Generally Accepted Accounting Principle(s)
IAS(s)	International Accounting Standard(s)
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee (predecessor to the IASB)
IASCF	IASC Foundation (parent body of the IASB)
IFRIC	International Financial Reporting Interpretations Committee of the IASB, and Interpretations issued by that committee
IFRS(s)	International Financial Reporting Standard(s)
IOSCO	International Organization of Securities Commissions
NCI	Non-controlling interest(s) (previously 'minority' interests)
SAC	Standards Advisory Council (advisory to the IASB)
SEC	Securities and Exchange Commission (US)
SIC	Standing Interpretations Committee of the IASC, and Interpretations issued by that committee
SME(s)	Small and medium-sized entity(ies)

IASB structure



2008-2009 constitution review

The trustees are undertaking a comprehensive review of the structure and constitution of the IASB. The first part of the review was completed in January 2009 and important amendments to the IASCF constitution were announced (effective 1 February 2009), including the formation of a Monitoring Board, the expansion of the IASB from 14 to 16 members (with up to three part-time), and a specified geographical mix for the IASB. The second part of the review (which will cover, among other things, due process, funding, scope of IFRSs, and the SAC), will be concluded during 2009.

Monitoring Board

The primary purpose of the Monitoring Board is to serve as a mechanism for formal interaction between capital markets authorities and the IASCF – the objective being to facilitate capital market authorities that allow or require the use of IFRSs in their jurisdictions to effectively discharge their mandates relating to investor protection, market integrity and capital formation.

The responsibilities of the Monitoring Board include:

- participating in the process for appointing trustees and approving the appointment of trustees according to the guidelines set out in the IASCF's constitution; and
- reviewing and providing advice to the trustees on their fulfilment of the responsibilities set out in the IASCF's constitution. The trustees will make an annual written report to the Monitoring Board.

Backgrounds of members: the Monitoring Board comprises the relevant leaders of the European Commission, the Financial Services Agency of Japan, the US Securities and Exchange Commission, the Emerging Markets Committee of IOSCO, and the Technical Committee of IOSCO. The chairman of the Basel Committee on Banking Supervision is a non-voting observer.

IASC Foundation

Geographical balance: six trustees from North America; six from Europe; six from the Asia/Oceania region; and four from any area (subject to maintaining overall geographical balance).

Backgrounds of trustees: the constitution requires an appropriate balance of professional backgrounds, including auditors, preparers, users, academics, and other officials serving the public interest. Two will normally be senior partners of prominent international accounting firms.

International Accounting Standards Board

Geographical balance: to ensure a broad international diversity, by July 2012 there will normally be four members from the Asia/Oceania region; four from Europe; four from North America; one each from Africa and South America; and two appointed from any area, subject to maintaining overall geographical balance.

Backgrounds of Board members: the main qualification for membership in professional competence and practical experience. The group is required to represent the best available combination of technical expertise and diversity of international business and market experience.

Members of the IASB

Sir David Tweedie, Chairman Sir David became the first IASB Chairman on 1 January 2001, having served from 1990-2000 as the first full-time Chairman of the UK Accounting Standards Board. Before that, he was national technical partner for KPMG and was a professor of accounting in his native Scotland. He previously worked on international standard-setting issues both as the first Chairman of the G4+1 and as a member of the IASC. Term expires 30 June 2011.

Thomas E. Jones, Vice-Chairman As the former Principal Financial Officer of Citicorp and Chairman of the IASC Board, Tom Jones brings extensive experience in standard setting and the preparation of financial statements for financial institutions. A British citizen, Mr. Jones has worked in Europe and the US. Term expires 30 June 2009.

Mary E. Barth As a part-time Board member, Mary Barth, a US citizen, retains her position as Senior Associate Dean of the Graduate School of Business at Stanford University. Professor Barth was previously a partner at Arthur Andersen. Term expires 30 June 2009.

Stephen Cooper Appointed August 2007, initially as a part-time Board member, changed to full-time January 2009. Stephen Cooper was Managing Director and head of valuation and accounting research at UBS Investment Bank. He has also been a member of the Corporate Reporting User Forum, and of the IASB's Analysts' Representative Group and Financial Statement Presentation working group. Term expires 30 June 2012.

Philippe Danjou Philippe Danjou has previously served as director of the accounting division of the Autorité des Marches Financiers (AMF), the French securities regulator. He was also Executive Director of the French Ordre des Experts Comptables (OEC) from 1982 to 1986, and has acted in various advisory roles for European and international accounting and auditing groups. Term expires 30 June 2011.

Jan Engström Jan Engström, a Swedish citizen, has held senior financial and operating positions with the Volvo Group, including serving on the management board as Chief Financial Officer and as Chief Executive Officer of Volvo Bus Corporation. Term expires 30 June 2014.

Robert P. Garnett Mr. Garnett was the Executive Vice President of Finance for Anglo American plc, a South African company listed on the London Stock Exchange. He has worked as a preparer and analyst of financial statements in his native South Africa. He serves as Chairman of IFRIC. Term expires 30 June 2010.

Gilbert Gélard Having been a partner at KPMG in his native France, Gilbert Gélard has extensive experience with French industry. Mr. Gélard speaks eight languages and is a former member of the French standard-setting body (CNC). He was also a member of the former IASC Board. Term expires 30 June 2010.

Prabhakar Kalavacherla ('PK') Mr. Kalavecherla was appointed to the IASB as a full-time member as of 1 January 2009. He was previously a partner at KPMG LLP, serving as reviewing partner for both IFRS financial statements and filings with the US Securities and Exchange Commission. He has worked extensively in India and in Europe and has specialised in technology and biotechnology. Mr Kalavacherla is a member of both the Institute of Chartered Accountants of India and the American Institute of Certified Public Accountants. Term expires 30 June 2013.

James J. Leisenring Jim Leisenring has worked on issues related to accounting standard setting over the past three decades, as the Vice Chairman and later as Director of International Activities of the FASB in the United States. While at the FASB, Mr. Leisenring served for several years as the FASB's observer at meetings of the former IASC Board. Term expires 30 June 2010.

Warren McGregor Mr. McGregor developed an intimate knowledge of standard-setting issues with his work over 20 years at the Australian Accounting Research Foundation, where he ultimately became the Chief Executive Officer. Term expires 30 June 2011.

John T. Smith Mr. Smith was previously a partner at Deloitte & Touche (USA). He was a member of the FASB's Emerging Issues Task Force, Derivatives Implementation Group, and Financial Instruments Task Force. He served on the IASC Task Force on Financial Instruments and chaired the IASC's IAS 39 Implementation Guidance Committee. He has also been a member of the IASC, SIC and IFRIC. Term expires 30 June 2012.

Tatsumi Yamada Tatsumi Yamada was a partner at the Japanese member firm of PricewaterhouseCoopers. He brings extensive experience of international standard setting as a Japanese member of the former IASC Board between 1996 and 2000. Term expires 30 June 2011.

Zhang Wei-Guo From 1997 to 2007, Zhang Wei-Guo was Chief Accountant of the China Securities Regulatory Commission (CSRC). Before joining the CSRC, Dr Zhang was a professor at Shanghai University of Finance and Economics (SUFE) where he also received his PhD in economics. Term expires 30 June 2012.

IASB due process

Formal due process for projects normally, but not necessarily, involves the following steps (steps required by the IASCF constitution are indicated by an asterisk):

- staff are asked to identify and review the issues associated with a potential agenda topic and to consider the application of the Framework to the issues;
- national accounting requirements and practice are studied, and views about the issues are exchanged with national standard-setters;
- the Standards Advisory Council is consulted about the advisability of adding the topic to the IASB's agenda*;
- an advisory group is formed (generally called a 'working group') to advise the IASB and its staff on the project;
- a discussion document is published for public comment (usually called a discussion paper, which will often include the Board's preliminary views on some of the issues in the project);
- an exposure draft approved by at least nine votes of the IASB is published for public comment, including therein any dissenting opinions held by IASB members (in exposure drafts, dissenting opinions are referred to as 'alternative views')*;
- a basis for conclusions is included within the exposure draft;
- all comments received within the comment period on discussion documents and exposure drafts are considered*;
- the desirability of holding a public hearing and of conducting field-tests is considered and, where appropriate, these steps are undertaken;
- a Standard is approved by at least nine votes of the IASB and any dissenting opinions are included in the published Standard*; and
- a basis for conclusions is included within the final Standard explaining, among other things, the steps in the IASB's due process and how the IASB has dealt with comments received on the exposure draft.

IASB contact information

International Accounting Standards Board
30 Cannon Street, London EC4M 6XH, United Kingdom

General enquiries

- Telephone: +44-20-7246-6410
- Fax: +44-20-7246-6411
- General e-mail: iasb@iasb.org
- Office hours: Monday-Friday 08:30-18:00 London time
- Website: www.iasb.org

Publications department orders and enquiries

- Telephone: +44-20-7332-2730
- Fax: +44-20-7332-2749
- Publications e-mail: publications@iasb.org
- Office hours: Monday-Friday 09:30-17:30 London time

Board Chairman and Vice Chairman, and Technical Directors

Sir David Tweedie	IASB Chairman	dtweedie@iasb.org
Thomas E. Jones	IASB Vice Chairman	tjones@iasb.org
Alan Teixeira	Director of Technical Activities	ateixeira@iasb.org
Peter Clark	Director of Research	pclark@iasb.org
Gavin Francis	Director of Capital Markets	gfrancis@iasb.org
Tricia O'Malley (to 30 June 2009)	Director of Implementation Activities	tomalley@iasb.org
Paul Pacter	Director of Standards for SMEs	ppacter@iasb.org

Obtaining IASB pronouncements and publications

IASB pronouncements can be purchased in printed and electronic formats on the IASB's website (see previous page). The IASB has announced that it intends to put its Standards (including mandatory application guidance, but not implementation guidance or bases for conclusions) on its website for free download starting some time in 2009. Discussion papers and exposure drafts may be downloaded from the IASB's website without charge while the comment period is open.

IASB chronology

1973 Agreement to establish IASC is signed by representatives of the professional accountancy bodies in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom/Ireland and United States.

Steering committees for IASC's first three projects are appointed.

1975 First final IASs are published: IAS 1(1975) *Disclosure of Accounting Policies*, and IAS 2(1975) *Valuation and Presentation of Inventories in the Context of the Historical Cost System*.

1982 IASC Board is expanded to up to 17 members, including 13 country members appointed by the Council of the International Federation of Accountants (IFAC) and up to 4 representatives of organisations with an interest in financial reporting. IFAC recognises and will look to IASC as the global accounting standard-setter.

1989 European Accounting Federation (FEE) supports international harmonisation and greater European involvement in IASC. IFAC adopts a public-sector guideline to require government business enterprises to follow IASs.

1994 IASC Advisory Council is established, with responsibilities for oversight and finances.

1995 European Commission supports the agreement between IASC and International Organization of Securities Commissions (IOSCO) to complete core standards and concludes that IASs should be followed by European Union multinationals.

1996 US SEC announces its support of IASC's objective to develop, as expeditiously as possible, accounting standards that could be used in preparing financial statements for the purpose of cross-border offerings.

1997 Standing Interpretations Committee (SIC) is formed. 12 voting members. Mission to develop interpretations of IASs for final approval by IASC.

Strategy Working Party is formed to make recommendations regarding the future structure and operation of IASC.

1998 IFAC/IASC membership expands to 140 accountancy bodies in 101 countries.

IASC completes the core Standards with approval of IAS 39.

1999 G7 Finance Ministers and International Monetary Fund urge support for IASs to "strengthen the international financial architecture".

IASC Board unanimously approves restructuring into 14-member board (12 full-time) under an independent board of trustees.

2000 IOSCO recommends that its members allow multinational issuers to use IASC standards in cross-border offerings and listings.

Ad hoc nominating committee is formed, chaired by US SEC Chairman Arthur Levitt, to nominate the trustees who will oversee the new IASB structure.

IASC member bodies approve IASC's restructuring and a new IASC Constitution.

Nominating committee announces initial trustees.

Trustees name Sir David Tweedie (chairman of the UK Accounting Standards Board) as the first Chairman of restructured IASB.

2001 Members and new name of IASB are announced. IASC Foundation is formed. On 1 April 2001, the new IASB assumes its standard-setting responsibilities from the IASC. Existing IASs and SICs adopted by IASB.

IASB moves into its new offices at 30 Cannon Street, London.

IASB meets with chairs of its eight liaison national accounting standard-setting bodies to begin coordinating agendas and setting out convergence goals.

2002 SIC is renamed as the International Financial Reporting Interpretations Committee (IFRIC) with a mandate not only to interpret existing IASs and IFRSs but also to provide timely guidance on matters not addressed in an IAS or IFRS.

Europe requires IFRSs for listed companies starting 2005.

IASB and FASB issue joint agreement on convergence.

2003 First final IFRS and first IFRIC draft Interpretation are published.

Improvements project is completed – major revisions to 14 IASs.

2004 Extensive discussions about IAS 39 in Europe, leading to EC endorsement with two sections of IAS 39 'carved out'.

Webcasting of IASB meetings begins.

IFRSs 2 through 6 are published.

IFRICs 1 through 5 are published.

2005 IASB Board member becomes IFRIC chairman.

Constitutional changes.

US SEC publishes 'roadmap' to eliminating IFRS-US GAAP reconciliation.

EC eliminates fair value option IAS 39 'carve-out'.

Meetings of Working Groups opened to public.

IFRS 7 is published.

IFRICs 6 and 7 are published (and IFRIC 3 withdrawn).

2006 IASB/FASB update agreement on convergence.

IASB issues statement on working relationships with other standard setters.

IASB announces that no new major Standards will be effective before 2009.

IFRS 8 is published.

IFRICs 8 through 12 are published.

2007 IFRIC is expanded from 12 to 14 members.

US SEC drops requirement for reconciliation to US GAAP for foreign IFRS registrants and invites comments on use of IFRSs by US domestic registrants.

Revisions to IAS 1 and IAS 23 are published.

IFRICs 13 and 14 are published.

Board proposes separate IFRS for small and medium-sized entities (SMEs).

2008 IOSCO issues statement urging entities to clearly state whether they comply in full with IFRSs as adopted by the IASB.

IASB and FASB accelerate joint projects for completion in mid-2011, in anticipation of adoption of IFRSs by additional jurisdictions, including the US, by around 2014.

American Institute of Certified Public Accountants designates IASB as a recognised standard setter under its ethics rules.

SEC proposes 'roadmap' for use of IFRSs by US domestic registrants.

2008 (cont'd) Amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 32 and IAS 39 are issued.

First Annual Improvements Standard is issued.

IFRICs 16 and 17 are published.

IASB's response to global financial crisis includes new fair value guidance; fast-track amendments to IAS 39; acceleration of projects on fair value measurement, consolidation and derecognition; enhanced financial instruments disclosures; and appointment of two expert advisory groups.

2009 IASB is expanded to 16 members (including maximum 3 part-time) and geographical mix established.

IASCF forms a Monitoring Board of public authorities.

Revisions to IFRS 7, IAS 39 and IFRIC 9 are issued.

IFRIC 18 is issued.

Response to global financial crisis continues (see 2008).

Use of IFRSs around the world

Use of IFRSs for domestic reporting by listed companies as of March 2009. We keep this table up to date, and also have information about the use of IFRSs by unlisted companies, at **www.iasplus.com/country/useias.htm**

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
Abu Dhabi (UAE)				X
Albania	No stock exchange. Companies use Albanian GAAP.			
Algeria	No stock exchange. IFRSs not permitted.			
American Samoa	No stock exchange. Companies may use IFRSs.			
Anguilla				X
Antigua and Barbuda				X
Argentina	X			
Armenia				X
Aruba		X		
Austria				X (a)
Australia				X (b)
Azerbaijan			X (c)	
Bahamas				X
Bahrain				X
Bangladesh	X			
Barbados				X
Belgium				X (a)
Belarus			Banks from 2008	
Belize	No stock exchange. Companies may use IFRSs.			
Benin	X			

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
Bermuda		X		
Bhutan	X			
Bolivia		X		
Bosnia and Herzegovina				All large and medium-sized
Botswana				X
Brazil	X			From 2010
Brunei Darussalam	No stock exchange. Companies may use IFRSs.			
Bulgaria				X (a)
Burkina Faso	X			
Cambodia	No stock exchange. Companies may use IFRSs.			
Canada				From 2011
Cayman Is.		X		
Chile				X
China	X			
Cote D'Ivoire	X			
Colombia	X			
Costa Rica				X
Croatia				X
Cuba	X			
Cyprus				X (a)
Czech Republic				X (a)
Denmark				X (a)
Dominica		X		
Dominican Republic				X

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
Dubai (UAE)			Required for banks	
Ecuador				Phase-in 2010-2012
Egypt				X
El Salvador		X		
Eritrea	No stock exchange. IFRSs required for government-owned and some private sector entities.			
Estonia				X (a)
Fiji				X
Finland				X (a)
France				X (a)
Gambia	No stock exchange. Companies may use IFRSs.			
Germany				X (a)
Georgia				X
Ghana				X
Gibraltar		X		
Greece				X (a)
Greenland	No stock exchange. Companies may use IFRSs.			
Grenada				X
Guam	No stock exchange. Companies use US GAAP.			
Guatemala				X
Guyana				X
Haiti				X
Honduras				X
Hong Kong				X (d)
Hungary				X (a)
Iceland				X (a)

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
India	X			
Indonesia	X			
Iran	X			X
Iraq				X
Ireland				X (a)
Israel		All except banks		
Italy				X (a)
Jamaica				X
Japan	X			
Jordan				X
Kazakhstan				X
Kenya				X
Korea (South)	Korean equivalents of IFRSs permitted for listed companies other than banks from 2009. Required from 2011.			
Kuwait				X
Kyrgyzstan				X
Laos		X		
Latvia				X (a)
Lebanon				X
Liechtenstein				X (a)
Lesotho		X		
Lithuania				X (a)
Luxembourg				X (a)
Macau	No stock exchange. Companies may use IFRSs.			
Macedonia				X
Malawi				X

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
Malaysia	X			
Maldives		X		
Mali	X			
Malta				X (a)
Mauritania	No stock exchange. IFRSs not permitted.			
Mauritius				X
Mexico	X (e)			
Moldova	X			
Mongolia				X
Montenegro				X
Morocco		Non-banks	Banks	
Mozambique		Non-banks	Banks	
Myanmar		X		
Namibia				X
Netherlands				X (a)
NL Antilles		X		
Nepal				X
New Zealand				X (b)
Nicaragua				X
Niger	X			
Nigeria	X			
Norway				X (a)
Oman				X
Pakistan	X			
Panama				X
Papua New Guinea				X

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
Paraguay		X		
Peru				X
Philippines	X (f)			
Poland				X (a)
Portugal				X (a)
Qatar				X
Reunion	No stock exchange. Companies may use IFRSs.			
Romania				X (a)
Russian Federation		Non-banks	Banks	
Samoa	No stock exchange. Companies may use IFRSs.			
Saudi Arabia	X			
Serbia				X
Sierra Leone	No stock exchange (one is being developed). IFRSs required for all unlisted companies.			
Singapore	X (f)			
Slovak Republic				X (a)
Slovenia				X (a)
South Africa				X
Spain				X (a)
Sri Lanka		X		
St Kitts & Nevis				X
Suriname		X		
Swaziland		X		
Sweden				X (a)
Switzerland		X		

Location	IFRSs not permitted	IFRSs permitted	Required for some domestic listed companies	Required for all domestic listed companies
Syria	X			
Taiwan	X			
Tajikistan				X
Tanzania				X
Thailand	X			
Togo	X			
Trinidad and Tobago				X
Tunisia	X			
Turkey		X (g)		
Uganda		X		
Ukraine				X
United Kingdom				X (a)
United States	X (h)			
Uruguay	X (c)			
Uzbekistan	X			
Vanuatu	No stock exchange. Companies may use IFRSs.			
Venezuela				X
Vietnam	X			
Virgin Islands (British)		X		
Virgin Islands (US)	No stock exchange. Companies use US GAAP.			
West Bank/Gaza				X
Yemen	No stock exchange. Companies may use IFRSs.			
Zambia		X		
Zimbabwe		X		

(a) Audit report and basis of presentation refer to IFRSs as adopted by the EU.
(b) Compliance with IFRSs is stated in a note and audit report.
(c) By law, all companies must follow IFRSs approved by the government, and approval is not up to date.
(d) Local standards identical to IFRSs, but some effective dates and transitional provisions differ.
(e) Plan announced for adoption starting 2012.
(f) Most IFRSs adopted, but some significant modifications were made.
(g) Turkish companies may follow English version of IFRSs, or Turkish translation. If the latter, because of the translation delay, audit report and basis of presentation refer to ‘IFRSs as adopted for use in Turkey’.
(h) SEC permits foreign private issuers to file financial statements prepared using IFRSs as issued by the IASB without having to include a reconciliation of the IFRS figures to US GAAP.

Use of IFRSs in Europe

European Accounting Regulation effective from 2005

Listed companies To implement a 'financial reporting strategy' adopted by the European Commission (EC) in June 2000, the European Union (EU) in 2002 approved an Accounting Regulation requiring all EU companies listed on a regulated market (about 8,000 companies in total) to follow IFRSs in their consolidated financial statements starting in 2005. The IFRS requirement applies not only in the 27 EU countries but also in the three European Economic Area (EEA) countries. Most large companies in Switzerland (not an EU or EEA member) also use IFRSs.

For the purpose of filings by non-EU companies listed on an EU regulated market, in December 2008, the EC designated the GAAPs of the United States, Japan, China, Canada, South Korea and India to be equivalent to IFRSs as adopted by the EU. (The status of China, Canada, South Korea and India will be re-examined by 31 December 2011.) Companies from other countries must use either IFRSs as adopted by the EU or IFRSs as adopted by the IASB starting 2009.

Unlisted companies and separate-company statements EU Member States may extend the IFRS requirement to non-listed companies and to separate-company statements. Nearly all Member States permit some or all non-listed companies to use IFRSs in their consolidated statements, and the majority permit it in separate statements. Details can be found on **www.iasplus.com**

Endorsement of IFRSs for use in Europe

Under the EU Accounting Regulation, IFRSs must be individually endorsed for use in Europe. The endorsement process involves the following steps:

- EU translates the IFRSs into all European languages;
- the private-sector European Financial Reporting Advisory Group (EFRAG) gives its views to the EC;
- the EC's Standards Advice Review Group (SARG) gives its views to the EC on EFRAG's recommendations;
- the EC's Accounting Regulatory Committee makes an endorsement recommendation; and
- the EC submits the endorsement proposal to the European Parliament's Regulatory Procedure with Scrutiny Committee and to the 27-member Council of the EU. Both must approve endorsement or the proposal is sent back to the EC for further consideration.

By the end of March 2009, the EC had voted to endorse all IFRSs except the revisions to IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 32 and IAS 39 issued in 2008 and early 2009, and all Interpretations except IFRICs 15, 16, 17 and 18 and the March 2009 amendments to IFRIC 9 – but with one carve-out from IAS 39 *Financial Instruments: Recognition and Measurement*. The carve-out allows the use of fair value hedge accounting for interest rate hedges of core deposits on a portfolio basis.

Enforcement of IFRSs in Europe

European securities markets are regulated by individual member states, subject to certain regulations adopted at the EU level. EU-wide regulations include:

- standards adopted by the Committee of European Securities Regulators (CESR), a consortium of national regulators. Standard No. 1 *Enforcement of Standards on Financial Information in Europe* sets out 21 high level principles that EU member states should adopt in enforcing IFRSs. Standard No. 2 *Coordination of Enforcement Activities* adopts guidelines for implementing Standard No. 1;
- the *Directive on Statutory Audit of Annual Accounts and Consolidated Accounts* was issued in September 2006. The new Directive replaced the 8th Directive and amended the 4th and 7th Directives. Among other things, the Directive adopted International Standards on Auditing throughout the EU and required Member States to form auditor oversight bodies; and
- amendments to EU directives that establish the collective responsibility of board members for a company's financial statements.

In March 2009, a high-level EU study group recommended that the current EU groups of bank, insurance and securities regulators be transformed into three new European authorities (the European Banking Authority, the European Securities Authority, and the European Insurance Authority) with stronger oversight power and, in some cases, legal powers. These proposals are currently under study.

In February 2009, the European Commission approved a plan to provide €5 million of funding to the IASB annually 2011 through 2013.

Use of IFRSs in the United States

SEC recognition of IFRSs

Of the approximately 13,000 companies whose securities are registered with the US Securities and Exchange Commission (SEC), over 1,150 are non-US companies. Prior to November 2007, if these foreign private issuers submitted IFRS or local GAAP financial statements rather than US GAAP, a reconciliation of net income and net assets to US GAAP figures was required.

In November 2007, the SEC voted to allow foreign private issuers to submit financial statements prepared using IFRSs as issued by the IASB without having to include a reconciliation of the IFRS figures to US GAAP. This new rule applies to financial statements covering years ended after 15 November 2007.

In August 2007, the SEC published for public comment a 'Concept Release' to stimulate debate on whether to allow US domestic issuers to submit IFRS financial statements for the purpose of complying with the rules and regulations of the SEC.

In November 2008, the SEC published for public comment a proposed IFRS 'roadmap'. The roadmap outlines milestones that, if achieved, could lead to mandatory transition to IFRSs starting for fiscal years ending on or after 15 December 2014. The proposed roadmap would also allow certain entities to adopt IFRSs before that date.

IFRS-US GAAP convergence

The Norwalk Agreement

In October 2002, the FASB and the IASB formalised their commitment to the convergence of US GAAP and IFRSs by issuing a memorandum of understanding (commonly referred to as the 'Norwalk Agreement'). The two boards pledged to use their best efforts to:

- make their existing financial reporting standards fully compatible as soon as is practicable; and
- co-ordinate their future work programmes to ensure that, once achieved, compatibility is maintained.

'Compatible' does not mean word-for-word identical standards, but rather that there are no significant differences between the two sets of standards.

Memorandum of Understanding 2006-2008

In February 2006, the FASB and the IASB released a Memorandum of Understanding (MOU) that identified short- and long-term convergence projects with steps and milestones toward achieving convergence. The MOU was updated in 2008.

Short-term projects

The FASB and the IASB set the goal of concluding by 2008 whether major differences in a few focussed areas should be eliminated through one or more short-term projects and, if so, completing or substantially completing work in those areas. The status of those short-term projects is as follows.

- **Projects completed**

  Joint: Business Combinations

  FASB: Fair Value Option

  Research and development assets acquired in a business combination

  IASB: Borrowing Costs

  Operating Segments

- **Ongoing short-term convergence**

  FASB: Subsequent Events

  Investment Properties

  Research and Development

  IASB: Joint Arrangements

  Income Taxes

- **Short-term convergence work deferred**

  Government Grants

  Impairment

Long-term projects

The goal for 2009 for the projects listed below is to have made significant progress in the areas identified for improvement (IASB status shown in brackets).

- Conceptual framework (ED on objectives and DP on reporting entity issued in 2008; DP on measurement planned for 2009; and DP on elements and recognition planned for 2010).
- Fair value measurement guidance (ED planned for first half of 2009; in 2008, as an interim step, the IASB published guidance developed by an Expert Group).
- Financial statement presentation – Phase B (ED planned for 2010).
- Post-employment benefits (ED planned for second half of 2009).
- Revenue recognition (ED planned for 2010).
- Liabilities and equity (ED planned for second half of 2009).

- Financial instruments – replacement of IAS 39 (ED planned for second half of 2009).
- Derecognition (ED issued in March 2009).
- Consolidation, including Special Purpose Entities (ED issued in December 2008).
- Intangible assets (not part of active agenda).
- Leases (DP issued in March 2009).

More specific goals have been set for each individual project.

Use of IFRSs in Canada

Currently, domestic Canadian companies listed in the United States are allowed to use US GAAP for domestic reporting. Foreign issuers in Canada are permitted to use IFRSs. Canadian entities that are publicly accountable will be required to apply IFRSs for their fiscal years beginning on or after 1 January 2011. Earlier use of IFRSs is permitted on a case-by-case basis with approval of the relevant securities regulator. Not-for-profit entities and pension plans are excluded and will not be required to adopt IFRSs.

Use of IFRSs elsewhere in the Americas

Chile is phasing in IFRSs for listed companies starting in 2009. Listed companies and banks in Brazil are required to start using IFRSs in 2010. The Mexican Banking and Securities Commission has announced that all listed companies are required to use IFRSs starting in 2012. The accounting professional body in Argentina has adopted a plan, subject to government approval, to require IFRSs for listed companies starting in 2011, with IFRSs optional for unlisted companies. IFRSs are already required in a number of other Latin American countries, including Ecuador and Venezuela.

Use of IFRSs in Asia-Pacific

Asia-Pacific jurisdictions are taking a variety of approaches toward convergence of GAAP for domestic listed companies with IFRSs.

Requirement for IFRSs in place of national GAAP

Mongolia requires IFRSs for all domestic listed companies.

All national standards are virtually word-for-word IFRSs

Australia, Hong Kong, Korea (effective 2011, permitted in 2009), New Zealand, and Sri Lanka (effective 2011) are taking this approach. Effective dates and transitions may differ from IFRSs. New Zealand has eliminated some accounting policy options and added some disclosures and guidance.

Nearly all national standards are word-for-word IFRSs

The Philippines and Singapore have adopted most IFRSs word-for-word, but have made some significant modifications.

Some national standards are close to word-for-word IFRSs

India, Malaysia, Pakistan and Thailand have adopted selected IFRSs quite closely, but significant differences exist in other national standards, and there are time lags in adopting new or amended IFRSs. India has announced a plan to adopt IFRSs in full as Indian Financial Reporting Standards effective 2011, while Malaysia will adopt IFRSs as Malaysian Financial Reporting Standards by 2012 and Pakistan by 31 December 2009.

IFRSs are looked to in developing national GAAP

This is done to varying degrees in Indonesia, Japan, Taiwan and Vietnam, but significant differences exist.

In February 2006, China adopted a new Basic Standard and 38 new Chinese Accounting Standards generally consistent with IFRSs with few exceptions.

Japan and Taiwan have begun studying whether to require IFRSs for listed companies.

Some domestic listed companies may use IFRSs

This is true in China (companies listed in Hong Kong), Hong Kong (companies based in Hong Kong but incorporated elsewhere), Laos and Myanmar.

Recent pronouncements

Effective for 31 December 2008 year ends

New Standards	
None	

Amendments to Standards	
IAS 39/IFRS 7	Reclassifications of financial assets

New Interpretations	
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Available for early adoption for 31 December 2008 year ends

Note: Transitional provisions are complex, and there are interdependencies among Standards. See Standards and Interpretations for details.

New Standards		Effective for annual periods beginning on or after
IFRS 8	Operating Segments	1 January 2009

Revised Standards		Effective for annual periods beginning on or after
IFRS 1(2008)	First-time Adoption of International Financial Reporting Standards (restructuring November 2008)	1 July 2009
IFRS 3(2008)	Business Combinations	Prospectively for business combinations in periods beginning on or after 1 July 2009 Earlier application permitted – but not for annual periods beginning before 30 June 2007
IAS 1(2007)	Presentation of Financial Statements	1 January 2009
IAS 23(2007)	Borrowing Costs	1 January 2009
IAS 27(2008)	Consolidated and Separate Financial Statements	1 July 2009

Amendments to Standards		Effective for annual periods beginning on or after
IFRS 1	Cost of investment on first-time adoption	1 January 2009
IFRS 2	Vesting conditions and cancellations	1 January 2009
IFRS 7	Improving disclosures about financial instruments	1 January 2009
IAS 27	Removal of the cost method definition	1 January 2009
IAS 32 and IAS 1	Puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 39	Eligible hedged items	1 July 2009

Improvements to IFRSs (May 2008)*		Effective for annual periods beginning on or after
IFRS 5	Plan to sell the controlling interest in a subsidiary	1 July 2009
IAS 1	Current/non-current classification of derivatives	1 January 2009
IAS 16	Recoverable amount	1 January 2009
IAS 16/IAS 7	Sale of assets held for rental	1 January 2009
IAS 19	Plan administration costs	1 January 2009
	Replacement of term 'fall due'	
	Guidance on contingent liabilities	
IAS 20	Government loans with a below-market rate of interest	1 January 2009
IAS 23	Components of borrowing costs	1 January 2009
IAS 27	Measurement in separate financial statements	1 January 2009
IAS 28	Impairment of investments in associates	1 January 2009

Improvements to IFRSs (May 2008)*		Effective for annual periods beginning on or after
IAS 28/IAS 31/ IAS 32/IFRS7	Required disclosures when investments in associates and jointly controlled entities are accounted for at fair value through profit or loss	1 January 2009
IAS 29	Description of historical cost financial statements	1 January 2009
IAS 36	Disclosure of estimates used to determine recoverable amount	1 January 2009
IAS 38	Advertising and promotional activities	1 January 2009
	Unit of production method of amortisation	
IAS 39	Reclassifying instruments into and out of fair value through profit or loss	1 January 2009
	Designating and documenting hedges at the segment level	
	Applicable effective interest rate on cessation of fair value hedge accounting	
IAS 40/IAS 16	Property under construction or development	1 January 2009
IAS 41	Discount rate for fair value calculations	1 January 2009
	Additional biological transformation	

*Amendments as a result of *Improvements to IFRSs* (May 2008) identified by the IASB as resulting in accounting changes for presentation, recognition or measurement purposes have been included above. Amendments related to terminology or editorial changes only, which the IASB expects to have no or minimal effect on accounting, have not been included in this list. Refer to individual Standards and Interpretations and **www.iasplus.com** for more information.

New Interpretations		Effective for annual periods beginning on or after
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	Transfers of assets from customers on or after 1 July 2009

Available for adoption after 2008 year ends

Amendments to Standards		Effective for annual periods beginning on or after
IAS 19	Curtailments and negative past service costs	1 January 2009
IAS 39 and IFRIC 9	Reassessment of embedded derivatives	Ending on or after 30 June 2009

Summaries of current Standards and related Interpretations

On pages 35 to 105, the requirements of all International Financial Reporting Standards in issue at 31 March 2009 are summarised, as well as the *Preface to IFRSs* and the *Framework for the Preparation and Presentation of Financial Statements*.

These summaries are intended as general information and are not a substitute for reading the entire Standard or Interpretation.

The text has been updated for recent amendments to IFRSs even where these are effective for 2009 and subsequent accounting periods. For information about previous versions of Standards, please refer to previous editions of *IFRSs in your pocket*.

'Effective date' means the effective date of the last comprehensive revision of the Standard or Interpretation, not necessarily original issuance .

Preface to International Financial Reporting Standards

Adoption	Adopted by the IASB in May 2002.
Summary	Covers, among other things: • the objectives of the IASB; • the scope of IFRSs; • due process for developing Standards and Interpretations; • equal status of 'black letter' and 'grey letter' paragraphs; • policy on effective dates; and • use of English as the official language.

Framework for the Preparation and Presentation of Financial Statements

Adoption

Approved by the IASC Board in April 1989.

Adopted by the IASB in April 2001.

All of the requirements of the Framework are currently under reconsideration as part of the joint IASB/FASB Conceptual Framework project.

Summary

- Defines the objective of general purpose financial statements. The objective is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.
- Identifies the qualitative characteristics that make information in financial statements useful. The Framework identifies four principal qualitative characteristics: understandability, relevance, reliability and comparability.
- Defines the basic elements of financial statements and the concepts for recognising and measuring them in financial statements. Elements directly related to financial position are assets, liabilities and equity. Elements directly related to performance are income and expenses.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Effective date

First IFRS financial statements for a period beginning on or after 1 January 2004.

Amendments (January 2008) relating to cost of an investment on first-time adoption are effective 1 January 2009, with earlier application permitted.

Restructured Standard (November 2008) is effective 1 July 2009 (no revision of technical content).

Objective

To prescribe the procedures when an entity adopts IFRSs for the first time as the basis for preparing its general purpose financial statements.

Summary

Overview for an entity that adopts IFRSs for the first time (by an explicit and unreserved statement of compliance with IFRSs) in its annual financial statements for the year ended 31 December 2008.

- Select accounting policies based on IFRSs in force at 31 December 2008.
- Prepare at least 2008 and 2007 financial statements and restate retrospectively the opening statement of financial position by applying the IFRSs in force at 31 December 2008, except for those matters dealt with in specific exemptions in IFRS 1:
  - the opening statement of financial position is prepared at 1 January 2007 at the latest (but may be earlier if the entity elects to present more than one year of comparative information under IFRSs);
  - the opening statement of financial position is presented in the entity's first IFRS financial statements (therefore, three statements of financial position); and
  - if a 31 December 2008 adopter reports selected financial data (but not full financial statements) on an IFRS basis for periods prior to 2007, in addition to full financial statements for 2007 and 2008, that does not change the fact that its opening IFRS statement of financial position is as at 1 January 2007.

Interpretations

None.

Useful Deloitte publication

First-time adoption: A guide to IFRS 1

Currently under revision. Will be available for download at
www.iasplus.com/dttpubs/pubs.htm

IFRS 2 Share-based Payment

Effective date

Annual periods beginning on or after 1 January 2005.

Amendments (January 2008) to clarify the definition of vesting conditions and the accounting treatment of cancellations by the counterparty to a share-based arrangement are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe the accounting for transactions in which an entity receives or acquires goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.

Summary

- All share-based payment transactions are recognised in the financial statements, using a fair value measurement basis.
- An expense is recognised when the goods or services received are consumed.
- IFRS 2 applies to both public and non-public entities. However, if the fair value of equity instruments of non-public entities cannot be measured reliably, intrinsic value measurements are used.
- In principle, transactions in which goods or services are received from non-employees as consideration for equity instruments of the entity are measured at the fair value of the goods or services received. Only if the fair value of the goods or services cannot be measured reliably is the fair value of the equity instruments granted used.
- For transactions with employees and others providing similar services, the entity measures the fair value of the equity instruments granted, because it is typically not possible to estimate reliably the fair value of employee services received.

- For transactions measured at the fair value of the equity instruments granted (such as transactions with employees), fair value is estimated at grant date.
- For transactions measured at the fair value of the goods or services received, fair value is estimated at the date of receipt of those goods or services.
- For goods or services measured by reference to the fair value of the equity instruments granted, in general, vesting conditions (other than market conditions) are not taken into account when estimating the fair value of the shares or options at the relevant measurement date (as specified above). Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.
- The January 2008 amendments restrict the definition of vesting condition to include only service conditions and performance conditions, and amend the definition of performance conditions to require the completion of a service period in addition to specified performance targets.
- The fair value of equity instruments granted is based on market prices, if available, and takes into account the terms and conditions on which those equity instruments were granted. In the absence of market prices, fair value is estimated using a valuation model to estimate what the price of those equity instruments would have been on the measurement date in an arm’s length transaction between knowledgeable, willing parties. IFRS 2 does not specify which particular valuation model should be used.

Interpretations

IFRIC 8 Scope of IFRS 2

IFRIC 8 clarifies that IFRS 2 applies to share-based payment transactions in which the entity cannot specifically identify some or all of the goods or services received.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

IFRIC 11 clarifies the application of IFRS 2 to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent.

Useful Deloitte publication

Share-based payments: A guide to IFRS 2

2nd edition (June 2007). Guidance on applying IFRS 2 to many common share-based payment transactions. Available for download at **www.iasplus.com/dttpubs/pubs.htm**

IFRS 3(2008) Business Combinations

Effective date

IFRS 3(2008) issued January 2008, replacing IFRS 3(2004).

Effective for business combinations in periods beginning on or after 1 July 2009. Earlier application permitted – but not for periods beginning before 30 June 2007.

See previous editions of *IFRSs in your pocket* for a summary of the requirements of IFRS 3(2004).

Core principle

An acquirer of a business recognises the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition.

Summary

- A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors or other owners, members or participants.

- IFRS 3 does not apply to the formation of a joint venture, combinations of entities or businesses under common control, nor to the acquisition of an asset or a group of assets that do not constitute a business.
- The acquisition method is used for all business combinations.
- Steps in applying the acquisition method.
  1. Identification of the 'acquirer' – the combining entity that obtains control of the acquiree.
  2. Determination of the 'acquisition date' – the date on which the acquirer obtains control of the acquiree.
  3. Recognition and measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest (NCI) in the acquiree.
  4. Recognition and measurement of goodwill or a gain from a bargain purchase.
- Assets and liabilities are measured at their acquisition-date fair values (with a limited number of specified exceptions). An entity may elect to measure NCI either at (a) fair value or (b) the NCI's proportionate share of the fair value of the identifiable net assets of the acquiree (option available on a transaction-by-transaction basis).
- Goodwill is measured as the difference between:
  – the aggregate of (a) the acquisition-date fair value of the consideration transferred, (b) the amount of any NCI, and (c) in a business combination achieved in stages (see below), the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree; and
  – the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3).

- If the difference above is negative, the resulting gain is recognised as a bargain purchase in profit or loss.
- For business combinations achieved in stages, if the acquirer increases an existing equity interest so as to achieve control of the acquiree, the previously-held equity interest is remeasured at acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.
- If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the combination is accounted for using provisional values. Adjustments to provisional values relating to facts and circumstances that existed at the acquisition date are permitted within one year. No adjustments after one year except to correct an error in accordance with IAS 8.
- Consideration for the acquisition includes the acquisition-date fair value of contingent consideration. Changes to contingent consideration classified as a liability resulting from events after the acquisition date are generally recognised in profit or loss.
- All acquisition-related costs (e.g. finder's fees, professional or consulting fees, costs of internal acquisition department) are recognised in profit or loss except for costs to issue debt or equity securities, which are generally recognised in accordance with IAS 39 and IAS 32 respectively.
- Expanded guidance on some specific aspects of business combinations, including:
  - business combinations achieved without the transfer of consideration;
  - reverse acquisitions;
  - identifying intangible assets acquired;
  - pre-existing relationships between the acquirer and the acquiree (e.g. reacquired rights); and
  - the reassessment of the acquiree's contractual arrangements at the acquisition date.

Interpretations None.

Useful Deloitte publication

Business combinations and changes in ownership interests: A guide to the revised IFRS 3 and IAS 27

Publication supplementing the IASB's own guidance for applying these Standards and addressing practical implementation issues. Available for download at **www.iasplus.com/dttpubs/pubs.htm**

IFRS 4 Insurance Contracts

Effective date Annual periods beginning on or after 1 January 2005.

Objective To prescribe the financial reporting for insurance contracts until the IASB completes the second phase of its project on insurance contracts.

Summary

- Insurers are exempted from applying the IASB Framework and certain existing IFRSs.
- Catastrophe reserves and equalisation provisions are prohibited.
- Requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.
- Insurance liabilities may not be offset against related reinsurance assets.
- Accounting policy changes are restricted.
- New disclosures are required.
- Financial guarantee contracts are in the scope of IAS 39, unless the issuer had previously (prior to initial adoption of IFRS 4) asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. In such circumstances, the issuer may elect to apply either IAS 39 or IFRS 4.

Interpretations None.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Effective date

Annual periods beginning on or after 1 January 2005.

Amendments resulting from *Improvements to IFRSs* (May 2008) regarding situations where an entity plans to sell the controlling interest in a subsidiary are effective 1 July 2009, with earlier application permitted provided that IAS 27 (as amended in May 2008) is applied from the same date.

Objective

To prescribe the accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations.

Summary

- Introduces the classification ‘held for sale’ (available for immediate sale and disposal within 12 months is highly probable) and the concept of a disposal group (a group of assets to be disposed of in a single transaction, including any related liabilities also transferred).
- Non-current assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.
- Such non-current assets held for sale (whether individually or as part of a disposal group) are not depreciated.
- A non-current asset classified as held for sale, and the assets and liabilities in a disposal group classified as held for sale, are presented separately in the statement of financial position.
- The May 2008 amendments require that assets and liabilities of a subsidiary be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

- A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and (a) represents a separate major line of business or major geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or (c) is a subsidiary acquired exclusively with a view to resale.
- An entity presents as a single amount in the statement of comprehensive income the sum of the profit or loss from discontinued operations for the period and the gain or loss arising on the disposal of discontinued operations (or on the reclassification of the assets and liabilities of discontinued operations as held for sale). Therefore, the statement of comprehensive income is effectively divided into two sections – continuing operations and discontinued operations.

Interpretations

None.

Useful Deloitte publication

Assets held for sale and discontinued operations: A guide to IFRS 5

Published March 2008. Guidance on applying IFRS 5. Available for download at www.iasplus.com/dttpubs/pubs.htm

IFRS 6 Exploration for and Evaluation of Mineral Resources

Effective date

Annual periods beginning on or after 1 January 2006.

Objective

To prescribe the financial reporting for the exploration for and evaluation of mineral resources until the IASB completes a comprehensive project in this area.

Summary

- Does not require or prohibit any specific accounting policies for the recognition and measurement of exploration and evaluation assets. An entity is permitted to continue to use its existing accounting policies provided that they comply with the requirements of paragraph 10 of IAS 8, i.e. that they result in information that is relevant to the economic decision-making needs of users and that is reliable.
- Grants a temporary exemption from applying paragraphs 11 and 12 of IAS 8 – which specify a hierarchy of sources of IFRS GAAP in the absence of a specific Standard.
- Requires an impairment test when there is an indication that the carrying amount of exploration and evaluation assets exceeds recoverable amount. Also, exploration and evaluation assets are tested for impairment before reclassification of those assets as development assets.
- Allows impairment to be assessed at a level higher than the 'cash-generating unit' under IAS 36, but measures impairment in accordance with IAS 36 once it is assessed.
- Requires disclosure of information that identifies and explains amounts arising from exploration and evaluation of mineral resources.

Interpretations

None.

IFRS 7 Financial Instruments: Disclosures

Effective date

Annual periods beginning on or after 1 January 2007.

Amendments (October 2008) regarding disclosures for reclassifications of financial assets are effective on or after 1 July 2008.

Amendments (March 2009) introducing a three-level fair value hierarchy for disclosing fair values and enhanced liquidity risk disclosures are effective 1 January 2009, with early adoption permitted.

Objective

To prescribe disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.

Summary

- Requires disclosure of information about the significance of financial instruments for an entity's financial position and performance. These include:
  - disclosures relating to the entity's financial position – including information about financial assets and financial liabilities by category; special disclosures when the fair value option is used; reclassifications; derecognitions; pledges of assets; embedded derivatives; and breaches of terms of agreements;
  - disclosures relating to the entity's performance in the period – including information about recognised income, expenses, gains and losses; interest income and expense; fee income; and impairment losses; and
  - other disclosures – including information about accounting policies; hedge accounting; and the fair values of each class of financial asset and financial liability.
- Requires disclosure of information about the nature and extent of risks arising from financial instruments:
  - qualitative disclosures about exposures to each class of risk and how those risks are managed; and
  - quantitative disclosures about exposures to each class of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analyses).

Interpretations

None.

Useful Deloitte publication

iGAAP 2008: Financial instruments: IAS 32, IAS 39 and IFRS 7 explained

4th edition (May 2008). Guidance on how to apply these complex Standards, including illustrative examples and interpretations. Information at **www.iasplus.com/dttpubs/pubs.htm**

IFRS 8 Operating Segments

Effective date

Annual periods beginning on or after 1 January 2009, with earlier application permitted. Supersedes IAS 14 *Segment Reporting* from date of application.

See previous editions of *IFRSs in your pocket* for a summary of the requirements of IAS 14.

Core principle

An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Summary

- Applies to the consolidated financial statements of a group with a parent (and to the separate or individual financial statements of an entity):
  - whose debt or equity instruments are traded in a public market; or
  - that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.
- An operating segment is a component of an entity:
  - that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

  - whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
  - for which discrete financial information is available.
- Guidance is provided on which operating segments are reportable (generally 10% thresholds).
- At least 75% of the entity's revenue must be included in reportable segments.
- Does not define segment revenue, segment expense, segment result, segment assets or segment liabilities, nor does it require segment information to be prepared in conformity with the accounting policies adopted for the entity's financial statements.
- Some entity-wide disclosures are required even when an entity has only one reportable segment. These include information about each product and service or groups of products and services.
- Analyses of revenues and certain non-current assets by geographical area are required from all entities – with an expanded requirement to disclose revenues/assets by individual foreign country (if material), irrespective of the entity's organisation.
- There is also a requirement to disclose information about transactions with major external customers (10% or more of the entity's revenue).

Interpretations None.

IAS 1(2007) Presentation of Financial Statements

Effective date

Annual periods beginning on or after 1 January 2009, with earlier application permitted. Supersedes IAS 1(2003) from date of application.

See previous editions of *IFRSs in your pocket* for a summary of the requirements of IAS 1(2003).

Amendments (February 2008) regarding disclosures for puttable financial instruments and obligations arising on liquidation are effective 1 January 2009, with earlier application permitted.

Amendments resulting from *Improvements to IFRSs* (May 2008) regarding the current/non-current classification of derivatives are effective 1 January 2009, with earlier application permitted.

Objective

To set out the overall framework for presenting general purpose financial statements, including guidelines for their structure and the minimum content.

Summary

- Fundamental principles established for the preparation of financial statements, including going concern assumption, consistency in presentation and classification, accrual basis of accounting, and materiality.
- Assets and liabilities, and income and expenses, are not offset unless offsetting is permitted or required by another IFRS.
- Comparative prior-period information is presented for amounts shown in the financial statements and notes.
- Financial statements are generally prepared annually. If the end of the reporting period changes, and financial statements are presented for a period other than one year, additional disclosures are required.
- A complete set of financial statements comprises:
  - a statement of financial position;
  - a statement of comprehensive income;
  - a statement of changes in equity;

  - a statement of cash flows;
  - notes; and
  - (only when an accounting policy has been applied retrospectively or items in the financial statements have been restated or reclassified) a statement of financial position as at the beginning of the earliest comparative period. (Therefore, in these limited circumstances, generally three statements of financial position.)

- Entities may use titles for the individual financial statements other than those used above.
- Specifies minimum line items to be presented in the statement of financial position, statement of comprehensive income and statement of changes in equity, and includes guidance for identifying additional line items. IAS 7 provides guidance on line items to be presented in the statement of cash flows.
- In the statement of financial position, current/non-current distinction is used for assets and liabilities unless presentation in order of liquidity provides reliable and more relevant information.
- The May 2008 amendments state that financial instruments classified as held for trading in accordance with IAS 39 are not always required to be presented as current assets/liabilities.
- The statement of comprehensive income includes all items of income and expense – (i.e. all 'non-owner' changes in equity) including (a) components of profit or loss and (b) other comprehensive income (i.e. items of income and expense that are not recognised in profit or loss as required or permitted by other IFRSs) These items may be presented either:
  - in a single statement of comprehensive income (in which there is a sub-total for profit or loss); or
  - in a separate income statement (displaying components of profit or loss) and a statement of comprehensive income (beginning with profit or loss and displaying components of other comprehensive income).

- Analysis of expenses recognised in profit or loss may be presented by nature or by function. If presented by function, specific disclosures by nature are required in the notes.

- The statement of changes in equity presents:
  - total comprehensive income for the period;
  - the effects on each component of equity of retrospective application or retrospective restatement in accordance with IAS 8;
  - transactions with owners in their capacity as owners; and
  - for each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.

- Specifies minimum note disclosures which include information about:
  - accounting policies followed;
  - the judgements that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
  - capital structure and compliance with capital requirements.

- An appendix to IAS 1 includes illustrative financial statements other than the statement of cash flows (see IAS 7).

Interpretations

SIC-29 Service Concession Arrangements: Disclosure

Disclosure is required if an entity agrees to provide services that give the public access to major economic or social facilities.

Useful Deloitte publications

IAS 1(2007) Presentation of Financial Statements: A compliance checklist

Separate presentation and disclosure checklist setting out the disclosures required by the revised IAS 1.

IFRS model financial statements

Illustrating the layout of financial statements, and the presentation and disclosure requirements of IFRSs. Available for download at www.iasplus.com/fs/fs.htm

IAS 2 Inventories

Effective date

Annual periods beginning on or after 1 January 2005.

Objective

To prescribe the accounting treatment for inventories, including cost determination and expense recognition.

Summary

- Inventories are stated at the lower of cost and net realisable value (NRV).
- Costs include purchase cost, conversion cost (materials, labour and overheads), and other costs to bring inventory to its present location and condition, but not foreign exchange differences.
- For inventory items that are not interchangeable, specific costs are attributed to the specific individual items of inventory.
- For interchangeable items, cost is determined on either a First In First Out (FIFO) or weighted average basis. Last In First Out (LIFO) is not permitted.
- When inventories are sold, the carrying amount is recognised as an expense in the period in which the related revenue is recognised.
- Write-downs to NRV are recognised as an expense in the period of the write-down. Reversals arising from an increase in NRV are recognised as a reduction of the inventory expense in the period in which they occur.

Interpretations

None.

IAS 7 Statement of Cash Flows

Effective date

Periods beginning on or after 1 January 1994. Title amended by IAS 1(2007), effective 1 January 2009.

Amendments resulting from *Improvements to IFRSs* (May 2008) relating to cash flows arising from sales of assets held for rental are effective 1 January 2009, with earlier application permitted (see IAS 16).

Objective

To require the presentation of information about historical changes in an entity's cash and cash equivalents by means of a statement of cash flows that classifies cash flows during the period according to operating, investing and financing activities.

Summary

- The statement of cash flows analyses changes in cash and cash equivalents during a period.
- Cash equivalents include investments that are short-term (less than three months from date of acquisition), readily convertible to a known amount of cash, and subject to an insignificant risk of changes in value. Generally exclude equity investments.
- Cash flows from operating, investing and financing activities are separately reported.
- Cash flows arising from operating activities are reported using either the direct (recommended) or the indirect method.
- Cash flows arising from taxes on income are classified as operating unless they can be specifically identified with financing or investing activities.
- The exchange rate used for translation of transactions denominated in a foreign currency and the cash flows of a foreign subsidiary is the rate in effect at the date of the cash flows.

- Aggregate cash flows relating to obtaining or losing control of subsidiaries or other businesses are presented separately and classified as investing activities, with specified additional disclosures.

- Investing and financing transactions that do not require the use of cash are excluded from the statement of cash flows, but separately disclosed.

- Illustrative statements of cash flows are included in appendices to IAS 7.

Interpretations None.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective date Annual periods beginning on or after 1 January 2005.

Objective To prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in estimates, and errors.

Summary

- Hierarchy for selection of accounting policies:
  - IASB Standards and Interpretations, taking into account any relevant IASB implementation guidance;
  - in the absence of a directly applicable IFRS, look to the requirements in IFRSs dealing with similar and related issues; and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Framework for the Preparation and Presentation of Financial Statements*; and
  - management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industry practices.

- Accounting policies are applied consistently to similar transactions.
- An accounting policy is changed only if required by an IFRS, or if the change results in reliable and more relevant information.
- If a change in accounting policy is required by an IFRS, the pronouncement's transitional requirements are followed. If none are specified, or if the change is voluntary, the new accounting policy is applied retrospectively by restating prior periods unless restatement is impracticable, in which case the policy is applied prospectively from the start of the earliest period practicable.
- Changes in accounting estimates (e.g. change in useful life of an asset) are accounted for in the current year, or future years, or both (no restatement).
- All material errors are corrected by restating comparative prior period amounts and, if the error occurred before the earliest period presented, by restating the opening statement of financial position.

Interpretations

None.

IAS 10 Events after the Reporting Period

Effective date

Annual periods beginning on or after 1 January 2005. Title amended by IAS 1(2007), effective 1 January 2009.

Objective

To prescribe:

- when an entity should adjust its financial statements for events after the end of the reporting period; and
- disclosures about the date when the financial statements were authorised for issue, and about events after the end of the reporting period.

Summary

- Events after the end of the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.
- Adjusting events – the financial statements are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period (such as the resolution of a court case after the end of the reporting period).
- Non-adjusting events – the financial statements are not adjusted to reflect events that arose after the end of the reporting period (such as a decline in market prices after year end, which does not change the valuation of investments at the end of the reporting period). The nature and impact of such events are disclosed.
- Dividends proposed or declared on equity instruments after the end of the reporting period are not recognised as a liability at the end of the reporting period. Disclosure is required.
- Financial statements are not prepared on a going concern basis if events after the end of the reporting period indicate that the going concern assumption is not appropriate.
- An entity discloses the date its financial statements are authorised for issue.

Interpretations None.

IAS 11 Construction Contracts

Effective date Periods beginning on or after 1 January 1995.

Objective To prescribe the accounting treatment for revenue and costs associated with construction contracts in the financial statements of the contractor.

Summary

- Contract revenue comprises the amount agreed in the initial contract together with variations in contract work, claims, and incentive payments to the extent that it is probable that they will result in revenues and can be measured reliably.

- Contract costs comprise costs that relate directly to the specific contract, costs that are attributable to general contract activity and that can be allocated to the contract, together with other costs that are specifically chargeable to the customer under the terms of the contract.
- Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of contract activity (the percentage of completion method of accounting).
- If the outcome cannot be estimated reliably, no profit is recognised. Instead, contract revenue is recognised only to the extent that contract costs incurred are expected to be recovered, and contract costs are expensed as incurred.
- If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

Interpretations

Refer to IAS 18 for a summary of IFRIC 15 *Agreements for the Construction of Real Estate*.

IAS 12 Income Taxes

Effective date

Periods beginning on or after 1 January 1998. Certain revisions effective for periods beginning on or after 1 January 2001.

Objective

To prescribe the accounting treatment for income taxes.

To establish the principles and provide guidance in accounting for the current and future tax consequences of:

- the future recovery (settlement) of carrying amounts of assets (liabilities) recognised in an entity's statement of financial position; and
- transactions and other events of the current period that are recognised in an entity's financial statements.

Summary

- Current tax liabilities and assets are recognised for current and prior period taxes, measured at the rates applicable for the period.
- A temporary difference is a difference between the carrying amount of an asset or liability and its tax base.
- Deferred tax liabilities are recognised for the future tax consequences of all taxable temporary differences with three exceptions:
  - where the deferred tax liability arises from the initial recognition of goodwill;
  - the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and
  - differences arising from investments in subsidiaries, branches and associates and interests in joint ventures where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.
- A deferred tax asset is recognised for deductible temporary differences, unused tax losses, and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, with the following exceptions:
  - a deferred tax asset arising from the initial recognition of an asset/liability, other than in a business combination, which, at the time of the transaction, does not affect the accounting or the taxable profit; and
  - assets arising from deductible temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available to utilise the difference.

- Deferred tax liabilities (assets) are measured at the tax rates expected to apply when the liability is settled or the asset is realised, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.
- Deferred tax assets and liabilities are not discounted.
- Current and deferred tax are recognised as income or expense in profit or loss except to the extent that the tax arises from:
  - a transaction or event that is recognised outside profit or loss (whether in other comprehensive income or directly in equity); or
  - a business combination.
- Deferred taxes asset and liabilities are presented as non-current items in the statement of financial position.

Interpretations

SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets

The measurement of a deferred tax liability or asset arising from the revaluation of a non-depreciable asset is based on the tax consequences from the sale of the asset rather than through use.

SIC 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

The current and deferred tax consequences of changes in tax status are included in profit or loss for the period unless those consequences relate to transactions or events that were recognised outside profit or loss.

IAS 16 Property, Plant and Equipment

Effective date

Annual periods beginning on or after 1 January 2005.

Amendments resulting from *Improvements to IFRSs* (May 2008) relating to the accounting for sales of assets held for rental and the definition of recoverable amount are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe the principles for the initial recognition and subsequent accounting for property, plant and equipment.

Summary

- Items of property, plant, and equipment are recognised as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.
- Initial recognition is at cost, which includes all costs necessary to get the asset ready for its intended use. If payment is deferred, interest is recognised.
- Subsequent to acquisition, IAS 16 allows a choice of accounting model:
  - cost model: the asset is carried at cost less accumulated depreciation and impairment; or
  - revaluation model: the asset is carried at a revalued amount, which is fair value at revaluation date less subsequent depreciation and impairment.
- Under the revaluation model, revaluations are carried out regularly. All items of a given class are revalued.
  - Revaluation increases are credited to equity.
  - Revaluation decreases are charged first against the revaluation surplus in equity related to the specific asset, and any excess against profit or loss.

- When the revalued asset is disposed of, the revaluation surplus in equity remains in equity and is not reclassified to profit or loss.
- Components of an asset with differing patterns of benefits are depreciated separately.
- Depreciation is charged systematically over the asset's useful life. The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed at least annually and is the amount the entity would receive currently if the asset were already of the age and condition expected at the end of its useful life. Useful life is also reviewed annually. If operation of an item of property, plant and equipment (e.g. an aircraft) requires regular major inspections, when each major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement, if the recognition criteria are satisfied.
- Impairment of property, plant and equipment is assessed under IAS 36.
- All exchanges of property, plant and equipment are measured at fair value, including exchanges of similar items, unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable.
- The May 2008 amendments require that entities that routinely sell items of property, plant and equipment that they have previously held for rental to others should transfer such assets to inventories at their carrying amount when they cease to be rented. The proceeds from the sale of such assets should be recognised as revenue in accordance with IAS 18.

  Cash payments to manufacture or acquire such assets and cash receipts from rental and sale of such assets are to be included within operating activities.

Interpretations

Refer to IAS 18 for a summary of IFRIC 18 *Transfers of Assets from Customers*.

Effective date

Annual periods beginning on or after 1 January 2005.

Objective

To prescribe, for lessees and lessors, the appropriate accounting policies and disclosures for finance and operating leases.

Summary

- A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership. Examples:
  - lease covers substantially all of the asset's life; and/or
  - present value of lease payments is substantially equal to the asset's fair value.
- All other leases are classified as operating leases.
- A lease of both land and buildings is split into land and building elements. Land element is generally an operating lease. Building element is an operating or finance lease based on the criteria in IAS 17. However, separate measurement of the land and buildings elements is not required if the lessee's interest in both land and buildings is classified as an investment property under IAS 40 and the fair value model is adopted.
- Finance leases – Lessee's Accounting:
  - asset and liability are recognised at the lower of the present value of minimum lease payments and the fair value of the asset;
  - depreciation policy is as for owned assets; and
  - finance lease payments are apportioned between interest expense and reduction in liability.
- Finance leases – Lessor's Accounting:
  - receivable is recognised at an amount equal to the net investment in the lease;
  - finance income is recognised based on a pattern reflecting a constant periodic rate of return on the lessor's net investment; and

    - manufacturer or dealer lessors recognise selling profit or loss consistent with the policy for outright sales.
- Operating leases – Lessee's Accounting:
    - lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefit.
- Operating leases – Lessor's Accounting:
    - assets held for operating leases are presented in the lessor's statement of financial position according to the nature of the asset and are depreciated in accordance with the lessor's depreciation policy for similar assets; and
    - lease income is recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefit.
- Lessors add initial direct costs to the carrying amount of the leased asset and spread them over the lease term (immediate expensing prohibited).
- Accounting for sale and leaseback transactions depends on whether these are essentially finance or operating leases.

Interpretations

SIC 15 Operating Leases – Incentives

Lease incentives (such as rent-free periods) are recognised by both the lessor and the lessee as a reduction of rental income and expense, respectively, over the lease term.

SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

If a series of transactions involves the legal form of a lease and can only be understood with reference to the series as a whole, then the series is accounted for as a single transaction.

IFRIC 4 Determining whether an Arrangement contains a Lease

IFRIC 4 addresses arrangements that do not take the legal form of a lease but which convey rights to use assets in return for a payment or a series of payments. An arrangement that meets the following criteria is, or contains, a lease that is accounted for in accordance with IAS 17, both from the lessee and lessor perspectives:

- the fulfilment of the arrangement depends upon a specific asset (either explicitly or implicitly in the arrangement); and
- the arrangement conveys the right to control the use of the underlying asset. IFRIC 4 provides further guidance to identify when this situation exists.

IAS 18 Revenue

Effective date

Periods beginning on or after 1 January 1995.

Objective

To prescribe the accounting treatment for revenue arising from sales of goods, rendering of services and from interest, royalties and dividends.

Summary

- Revenue is measured at the fair value of the consideration received/receivable.
- Revenue is generally recognised when it is probable that the economic benefits will flow to the entity, and when the amount of revenue can be measured reliably, and when the following conditions are met:
  - from sale of goods: when significant risks and rewards have been transferred to buyer, seller has lost effective control, and cost can be reliably measured.
  - from rendering of services: percentage of completion method.
  - for interest, royalties, and dividends.

    Interest – using the effective interest method as set out in IAS 39.

Royalties – on an accrual basis in accordance with the substance of the agreement.

Dividends – when shareholder's right to receive payment is established.

- If a transaction has multiple components (such as sale of goods with an identifiable amount for subsequent servicing), the recognition criteria are applied separately to the components.

Interpretations

SIC 31 Revenue – Barter Transactions Involving Advertising Services

Revenue from barter transactions involving advertising services is recognised only if substantial revenue is also received from non-barter transactions.

IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)

Award credits granted to customers as part of a sales transaction are accounted for as a separately identifiable component of the sales transaction(s), with the consideration received or receivable allocated between the award credits and the other components of the sale.

IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

The construction of real estate is a construction contract within the scope of IAS 11 only when the buyer is able to specify the major structural elements of the design before construction begins and/or major structural changes once construction is in progress. If this criterion is not satisfied, the revenue should be accounted for in accordance with IAS 18.

IFRIC 15 provides further guidance on determining whether the entity is providing goods on rendering services in accordance with IAS 18.

IFRIC 18 Transfers of Assets from Customers (effective for transfers on or after 1 July 2009)

IFRIC 18 deals with circumstances where an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

IFRIC 18 provides guidance on when a recipient should recognise such assets in their financial statements. Where recognition is appropriate, the deemed cost of the asset is its fair value on the date of transfer.

IFRIC 18 also provides guidance on the pattern of revenue recognition arising on the transfer of the asset.

IAS 19 Employee Benefits

Effective date

Periods beginning on or after 1 January 1999. Later revisions effective for various periods from 1 January 2001 to 1 January 2006.

Amendments resulting from *Improvements to IFRSs* (May 2008) relating to plan administration costs, replacement of the term 'fall due', and guidance on contingent liabilities are effective from 1 January 2009, with earlier application permitted. Amendments relating to curtailments and negative past service cost are effective for changes in benefits that occur on or after 1 January 2009.

Objective

To prescribe the accounting and disclosure for employee benefits, including short-term benefits (wages, annual leave, sick leave, annual profit-sharing, bonuses and non-monetary benefits); pensions; post-employment life insurance and medical benefits; other long-term employee benefits (long-service leave, disability, deferred compensation, and long-term profit-sharing and bonuses); and termination benefits.

Summary

- Underlying principle: the cost of providing employee benefits is recognised in the period in which the entity receives services from the employee, rather than when the benefits are paid or payable.
- Short-term employee benefits (payable within 12 months) are recognised as an expense in the period in which the employee renders the service. Unpaid benefit liability is measured at undiscounted amount.
- Profit-sharing and bonus payments are recognised only when the entity has a legal or constructive obligation to pay them and the costs can be reliably estimated.
- Post-employment benefit plans (such as pensions and health care) are categorised as either defined contribution plans or defined benefit plans.
- For defined contribution plans, expenses are recognised in the period in which the contribution is payable.
- For defined benefit plans, a liability is recognised in the statement of financial position equal to the net of:
  - the present value of the defined benefit obligation (the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods);
  - deferred actuarial gains and losses and deferred past service cost; and
  - the fair value of any plan assets at the end of the reporting period.
- Actuarial gains and losses may be
  (a) recognised immediately in profit or loss,
  (b) deferred up to a maximum, with any excess amortised in profit or loss (the ‘corridor approach’), or (c) recognised immediately in other comprehensive income.
- Plan assets include assets held by a long-term employee benefit fund and qualifying insurance policies.

- For group plans, the net cost is recognised in the separate financial statements of the entity that is legally the sponsoring employer unless a contractual agreement or stated policy for allocating the cost exists.
- Long-term employee benefits are recognised and measured in the same way as post-employment benefits under a defined benefit plan. However, unlike defined benefit plans, actuarial gains and losses and past service cost are always recognised immediately in profit or loss.
- Termination benefits are recognised when the entity is demonstrably committed to terminating one or more employees before the normal retirement date or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Interpretations

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 addresses three issues:

- when refunds or reductions in future contributions should be regarded as 'available' in the context of paragraph 58 of IAS 19;
- how a minimum funding requirement might affect the availability of reductions in future contributions; and
- when a minimum funding requirement might give rise to a liability.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

Effective date

Periods beginning on or after 1 January 1984.

Objective

To prescribe the accounting for, and disclosure of, government grants and other forms of government assistance.

Amendments resulting from *Improvements to IFRSs* (May 2008) are effective prospectively to government loans received in periods beginning on or after 1 January 2009, with earlier application permitted.

Summary

- Government grants are recognised only when there is reasonable assurance that the entity will comply with the conditions attached to the grants, and the grants will be received. Non-monetary grants are usually recognised at fair value, although recognition at nominal value is permitted.
- Grants are recognised in profit or loss over the periods necessary to match them with the related costs.
- Income-related grants are either presented separately as income or as a deduction in reporting the related expense.
- Asset-related grants are either presented as deferred income in the statement of financial position, or deducted in arriving at the carrying amount of the asset.
- Repayment of a government grant is accounted for as a change in accounting estimate with different treatment for income- and asset-related grants.
- May 2008 amendments require that the benefit of government loans with a below-market rate of interest be accounted for as a government grant – measured as the difference between the initial carrying amount of the loan determined in accordance with IAS 39 and the proceeds received.

Interpretations

SIC 10 Government Assistance – No Specific Relation to Operating Activities

Government assistance to entities that is aimed at encouragement or long-term support of business activities either in certain regions or industry sectors is treated as a government grant under IAS 20.

IAS 21 The Effects of Changes in Foreign Exchange Rates

Effective date

Annual periods beginning on or after 1 January 2005.

Objective

To prescribe the accounting treatment for an entity's foreign currency transactions and foreign operations.

Summary

- First, the entity's functional currency is determined (i.e. the currency of the primary economic environment in which the entity operates).
- Then all foreign currency items are translated into the functional currency:
  - transactions are recognised on the date that they occur using the transaction-date exchange rate for initial recognition and measurement;
  - at the end of subsequent reporting periods:
    - non-monetary items carried at historical cost continue to be measured using transaction-date exchange rates;
    - monetary items are retranslated using the closing rate; and
    - non-monetary items carried at fair value are measured at valuation-date exchange rates.

- Exchange differences arising on settlement of monetary items and on translation of monetary items at a rate different than when initially recognised are included in profit or loss, with one exception. Exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation are recognised in the consolidated financial statements that include the foreign operation in other comprehensive income. Such differences are reclassified from equity to profit or loss on disposal of the net investment.
- The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy are translated into a different presentation currency using the following procedures:
  - assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position;
  - income and expenses for each period presented (including comparatives) are translated at exchange rates at the dates of the transactions; and
  - all resulting exchange differences are recognised as other comprehensive income.
- Special rules for translating into a presentation currency the results and financial position of an entity whose functional currency is hyperinflationary.

Interpretations

SIC 7 Introduction of the Euro

Explains how to apply IAS 21 when the Euro was first introduced, and when new EU members join the Eurozone.

Refer to IAS 39 for a summary of IFRIC 16 *Hedges of a Net Investment in a Foreign Operation.*

IAS 23(2007) Borrowing Costs

Effective date

Annual periods beginning on or after 1 January 2009, with earlier application permitted. Supersedes previous versions of IAS 23 from date of application.

See previous editions of *IFRSs in your pocket* for a summary of the requirements of the previous version of IAS 23 – principal difference is that it allowed an option to expense all borrowng costs as incurred.

Amendments resulting from *Improvements to IFRSs* (May 2008) relating to components of borrowing costs are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe the accounting treatment for borrowing costs.

Summary

- Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset, but only when it is probable that these costs will result in future economic benefits to the entity, and the costs can be measured reliably. All other borrowing costs that do not satisfy the conditions for capitalisation are expensed when incurred.
- A qualifying asset is one that necessarily takes a substantial period of time to get it ready for its intended use or sale. Examples include manufacturing plants, investment properties and some inventories.
- To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

- If funds are borrowed generally and used for the purpose of obtaining the qualifying asset, a capitalisation rate (weighted average of borrowing costs applicable to the general outstanding borrowings during the period) is applied to expenditure incurred during the period, to determine the amount of borrowing costs eligible for capitalisation. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during that period.

Interpretations None.

IAS 24 Related Party Disclosures

Effective date Annual periods beginning on or after 1 January 2005.

Objective To ensure that financial statements draw attention to the possibility that the financial position and results of operations may have been affected by the existence of related parties.

Summary

- Related parties are parties that control or have significant influence over the reporting entity (including parent entities, owners and their families, major investors, and key management personnel) and parties that are controlled or significantly influenced by the reporting entity (including subsidiaries, joint ventures, associates, and post-employment benefit plans).
- The Standard requires disclosure of:
  - relationships involving control, even when there have been no transactions;
  - related party transactions; and
  - management compensation (including an analysis by type of compensation).
- For related party transactions, disclosure is required of the nature of the relationship and of sufficient information to enable an understanding of the potential effect of the transactions.

- Examples of related party transactions disclosable under the Standard:
  - purchases or sales of goods;
  - purchases or sales of assets;
  - rendering or receiving of services;
  - leases;
  - transfers of research and development;
  - transfers under licence agreements;
  - transfers under finance arrangements (including loans and equity contributions);
  - provision of guarantees or collateral; and
  - settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

Interpretations None.

IAS 26 Accounting and Reporting by Retirement Benefit Plans

Effective date Periods beginning on or after 1 January 1998.

Objective To specify the measurement and disclosure principles for the financial reports of retirement benefit plans.

Summary

- Sets out the reporting requirements for both defined contribution and defined benefit plans, including a statement of net assets available for benefits and disclosure of the actuarial present value of promised benefits (split between vested and non-vested).
- Specifies the need for actuarial valuation of the benefits for defined benefits and the use of fair values for plan investments.

Interpretations None.

IAS 27(2008) Consolidated and Separate Financial Statements

Effective date

Revised IAS 27 issued January 2008 supersedes IAS 27(2003) for annual periods beginning on or after 1 July 2009. Earlier application permitted – but only if IFRS 3(2008) is applied from the same date (therefore, effectively, not permitted for periods beginning before 30 June 2007).

See earlier editions of *IFRSs in your pocket* for a summary of the requirements of IAS 27(2003).

Amendments resulting from *Improvements to IFRSs* (May 2008) relating to measurement in separate financial statements of investments in subsidiaries, jointly controlled entities and associates held for sale are effective 1 January 2009.

Amendments to remove the definition of the cost method are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe:

- requirements for preparing and presenting consolidated financial statements for a group of entities under the control of a parent;
- how to account for changes in the level of ownership of interests in subsidiaries, including the loss of control of a subsidiary; and
- how to account for investments in subsidiaries, jointly controlled entities and associates in separate financial statements.

Summary

- A subsidiary is an entity controlled by another entity, the parent. Control is the power to govern the operating and financial policies.
- Consolidated financial statements are financial statements of a group (parent and subsidiaries) presented as those of a single economic entity.
- When a parent-subsidiary relationship exists, consolidated financial statements are required.

- Consolidated financial statements include all subsidiaries. No exemption for ‘temporary control’ or ‘different lines of business’ or ’subsidiary that operates under severe long-term funds transfer restrictions’. However, if, on acquisition, a subsidiary meets the criteria to be classified as held for sale under IFRS 5, it is accounted for under that Standard.
- Intragroup balances, transactions, income and expenses are eliminated in full.
- All entities in the group use the same accounting policies.
- The end of the reporting period of a subsidiary cannot be more than three months different from the end of the reporting period of the group.
- Non-controlling interests (NCI) are reported in equity in the statement of financial position separately from the equity of the owners of the parent. Total comprehensive income is allocated between NCI and the owners of the parent even if this results in the NCI having a deficit balance.
- Partial disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction with owners, and no gain or loss is recognised.
- Acquisition of a further ownership interest in a subsidiary after obtaining control is accounted for as an equity transaction and no gain, loss or adjustment to goodwill is recognised.
- Partial disposal of an investment in a subsidiary that results in loss of control triggers remeasurement of the residual holding to fair value. Any difference between fair value and carrying amount is a gain or loss on the disposal, recognised in profit or loss. Thereafter, apply IAS 28, IAS 31 or IAS 39, as appropriate, to the residual holding.
- In the parent’s separate financial statements: investments in subsidiaries, associates and joint ventures (other than those that are classified as held for sale under IFRS 5) are accounted for either at cost or as investments under IAS 39.

Interpretations

SIC-12 Consolidation – Special Purpose Entities

An entity consolidates a special purpose entity (SPE) when, in substance, it controls the SPE. SIC-12 provides indicators of control.

Useful Deloitte publication

Business combinations and changes in ownership interests: A guide to the revised IFRS 3 and IAS 27

Publication supplementing the IASB's guidance for applying these Standards and addressing practical implementation issues. Available for download at www.iasplus.com/dttpubs/pubs.htm

IAS 28 Investments in Associates

Effective date

Annual periods beginning on or after 1 January 2005 (1 July 2009 for consequential amendments arising from IAS 27(2008)).

Amendments resulting from *Improvements to IFRSs* (May 2008):

- require disclosures when investments in associates are accounted for at fair value through profit or loss; and
- clarify requirements regarding impairment of investments in associates.

The amendments are effective 1 January 2009.

Objective

To prescribe the investor's accounting for investments in associates over which it has significant influence.

Summary

- Applies to all investments in which an investor has significant influence unless the investor is a venture capital firm, mutual fund or unit trust, and it elects to measure such investments at fair value through profit or loss under IAS 39.
- Interests in associates that are classified as held for sale in accordance with IFRS 5 are accounted for in accordance with that Standard.

- Otherwise, the equity method is used for all investments in associates over which the entity has significant influence.
- Rebuttable presumption of significant influence if investment held, directly and indirectly, is more than 20% of associate.
- Under the equity method, the investment is initially recorded at cost. It is subsequently adjusted by the investor's share of the investee's post acquisition change in net assets.
- Investor's statement of comprehensive income reflects its share of the investee's post-acquisition profit or loss.
- Associate's accounting policies are the same as those of the investor.
- The end of the reporting period of an associate cannot be more than three months different from the investor's end of the reporting period.
- Even if consolidated financial statements are not prepared (e.g. because the investor has no subsidiaries) equity accounting is used. However, the investor does not apply the equity method when presenting 'separate financial statements' as defined in IAS 27. Instead, the investor accounts for the investment either at cost or as an investment under IAS 39.
- Impairment is assessed in accordance with IAS 36. The impairment indicators in IAS 39 also apply. The May 2008 amendments clarify that an investment in an associate is treated as a single asset for impairment testing.
- The amendments resulting from IAS 27(2008) address the accounting treatment when significant influence over an associate is lost. On loss of significant influence, the investment is remeasured to its fair value at that date, with the gain or loss recognised in profit or loss. Thereafter, IAS 39 is applied to the remaining holding.

Interpretations

None.

IAS 29 Financial Reporting in Hyperinflationary Economies

Effective date

Periods beginning on or after 1 January 1990.

Amendments resulting from *Improvements to IFRSs* (May 2008) relating to the description of historical cost financial statements are effective 1 January 2009, with earlier application permitted.

Objective

To provide specific guidance for entities reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful.

Summary

- The financial statements of an entity that reports in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the end of the reporting period.
- Comparative figures for prior period(s) are restated into the same current measuring unit.
- Generally an economy is hyperinflationary when there is 100% inflation over 3 years.

Interpretations

IFRIC 7 Applying the Restatement Approach under IAS 29

When the economy of an entity's functional currency becomes hyperinflationary, the entity applies the requirements of IAS 29 as though the economy had always been hyperinflationary.

IAS 31 Interests in Joint Ventures

Effective date

Annual periods beginning on or after 1 January 2005 (1 July 2009 for consequential amendments arising from IAS 27(2008)).

Amendments resulting from *Improvements to IFRSs* (May 2008) clarifying the required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe the accounting treatment required for interests in joint ventures (JVs), regardless of the structure or legal form of the JV activities.

Summary

- Applies to all investments in which an investor has joint control except jointly controlled entities where the investor is a venture capital firm, mutual fund or unit trust, and it elects or is required to measure such investments at fair value through profit or loss under IAS 39.
- The key characteristic of a JV is a contractual arrangement to share control. JVs may be classified as jointly controlled operations, jointly controlled assets or jointly controlled entities. There are different recognition principles for each type of JV.
- Jointly controlled operations: venturer recognises the assets it controls, and expenses and liabilities it incurs, and its share of income earned, in both its separate and consolidated financial statements.
- Jointly controlled assets: venturer recognises its share of the joint assets, any liabilities that it has incurred directly, and its share of any liabilities incurred jointly with the other venturers, income from the sale or use of its share of the output of the joint venture, its share of expenses incurred by the joint venture, and expenses incurred directly in respect of its interest in the joint venture. These rules apply to both separate and consolidated financial statements.
- Jointly controlled entities: two accounting policy choices are permitted:
  - proportionate consolidation: under this method the venturer's statement of financial position includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. Its statement of comprehensive income includes its share of the income and expenses of the jointly controlled entity; and
  - the equity method, as described in IAS 28.

- Interests in jointly controlled entities that are classified as held for sale in accordance with IFRS 5 are accounted for in accordance with that Standard.
- Even if consolidated financial statements are not prepared (e.g. because the venturer has no subsidiaries), proportionate consolidation/equity accounting is used for jointly controlled entities. However, in the venturer's 'separate financial statements' as defined in IAS 27, interests in jointly controlled entities are accounted for either at cost or as investments under IAS 39.
- The amendments resulting from IAS 27(2008) address the accounting treatment when joint control over a jointly controlled entity is lost. On loss of joint control, the investment is remeasured to its fair value at that date, with the gain or loss recognised in profit or loss. Thereafter, IAS 28 or IAS 39, as appropriate, is applied to the remaining holding.

Interpretations

SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers

Recognition of proportionate share of gains or losses on contributions of non-monetary assets to a jointly controlled entity in exchange for an equity interest in that entity is generally appropriate.

IAS 32 Financial Instruments: Presentation

Effective date

Annual periods beginning on or after 1 January 2005. Disclosure provisions superseded on adoption of IFRS 7, effective 1 January 2007.

Amendments (February 2008) dealing with puttable financial instruments and obligations arising on liquidation are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe principles for classifying and presenting financial instruments as liabilities or equity, and for offsetting financial assets and liabilities.

Summary

- Issuer's classification of an instrument either as a liability or an equity instrument:
  - based on substance, not form, of the instrument;
  - classification is made at the time of issue and is not subsequently altered;
  - an instrument is a financial liability if the issuer may be obligated to deliver cash or another financial asset or the holder has a right to demand cash or another financial asset. An example is mandatorily redeemable preference shares;
  - an instrument that does not give rise to such a contractual obligation is an equity instrument; and
  - interest, dividends, gains and losses relating to an instrument classified as a liability are reported as income or expense as appropriate.
- The 2008 amendments (effective 2009 with earlier application permitted) provide that puttable instruments and instruments that impose on the entity an obligation to deliver a pro-rata share of net assets only on liquidation that (a) are subordinate to all other classes of instruments and (b) meet additional criteria, are classified as equity instruments even though they would otherwise meet the definition of a liability.
- At issue, an issuer classifies separately the debt and equity components of a single compound instrument such as convertible debt.
- A financial asset and a financial liability are offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts, and intends either to settle on a net basis or simultaneously.
- Cost of treasury shares is deducted from equity, and resales of treasury shares are equity transactions.

- Costs of issuing or reacquiring equity instruments are accounted for as a deduction from equity, net of any related income tax benefit.

Interpretations

IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments

These are liabilities unless the co-op has the legal right not to redeem on demand. These requirements may also be impacted by the 2008 amendments (see above).

Useful Deloitte publication

iGAAP 2008: Financial instruments: IAS 32, IAS 39 and IFRS 7 explained

4th edition (May 2008). Guidance on how to apply these complex Standards, including illustrative examples and interpretations. Information at www.iasplus.com/dttpubs/pubs.htm

IAS 33 Earnings per Share

Effective date

Annual periods beginning on or after 1 January 2005.

Objective

To prescribe principles for determining and presenting earnings per share (EPS) amounts in order to improve performance comparisons between different entities in the same period and between different accounting periods for the same entity. Focus of IAS 33 is on the denominator of the EPS calculation.

Summary

- Applies to publicly-traded entities, entities in the process of issuing such shares, and any other entity voluntarily presenting EPS.
- An entity presents basic and diluted EPS:
  - for each class of ordinary share that has a different right to share in profit for the period;
  - with equal prominence;
  - for all periods presented.

- If an entity presents only a statement of comprehensive income, EPS is reported in that statement. If it presents both a statement of comprehensive income and a separate income statement, EPS is reported only in the separate income statement.
- EPS is reported for profit or loss attributable to equity holders of the parent entity, for profit or loss from continuing operations attributable to equity holders of the parent entity, and for any discontinued operations (this last item can be in the notes).
- In consolidated financial statements, EPS reflects earnings attributable to the parent's shareholders.
- Dilution is a reduction in EPS or an increase in loss per share on the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued when specified conditions are met.
- Basic EPS calculation:
  - earnings numerator: after deduction of all expenses including tax, and after deduction of non-controlling interests and preference dividends; and
  - denominator: weighted average number of shares outstanding during the period.
- Diluted EPS calculation:
  - earnings numerator: the profit for the period attributable to ordinary shares is increased by the after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares (such as options, warrants, convertible securities and contingent insurance agreements), and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares;

- denominator: adjusted for the number of shares that would be issued on the conversion of all of the dilutive potential ordinary shares into ordinary shares; and
- anti-dilutive potential ordinary shares are excluded from the calculation.

Interpretations

None.

IAS 34 Interim Financial Reporting

Effective date

Periods beginning on or after 1 January 1999.

Statements included in an interim financial report are affected by the 2007 revisions to IAS 1 (effective 1 January 2009).

Objective

To prescribe the minimum content of an interim financial report and the recognition and measurement principles for an interim financial report.

Summary

- IAS 34 applies only when an entity is required or elects to publish an interim financial report in accordance with IFRSs.
- Local regulators (not IAS 34) mandate:
  - which entities should publish interim financial reports;
  - how frequently; and
  - how soon after the end of an interim period.
- An interim financial report is a complete or condensed set of financial statements for a period shorter than an entity's full financial year.
- Minimum components of a condensed interim financial report are:
  - condensed statement of financial position;
  - condensed statement of comprehensive income presented either as a condensed single statement or a condensed separate income statement and a condensed statement of comprehensive income;

  - condensed statement of changes in equity;
  - condensed statement of cash flows; and
  - selected explanatory notes.
- Prescribes the comparative periods for which interim financial statements are required to be presented.
- Materiality is based on interim financial data, not forecasted annual amounts.
- The notes in an interim financial report provide an explanation of events and transactions significant to understanding the changes since the last annual financial statements.
- Same accounting policies as annual.
- Revenue and costs are recognised when they occur, not anticipated or deferred.
- Change in accounting policy – restate previously reported interim periods.

Interpretations

IFRIC 10 Interim Financial Reporting and Impairment

Where an entity has recognised an impairment loss in an interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost, that impairment is not reversed in subsequent interim financial statements nor in annual financial statements.

Useful Deloitte publication

Interim financial reporting: A guide to IAS 34

3rd edition (March 2009). Guidance on the requirements of the Standard, model interim financial report and compliance checklist. Available for download at www.iasplus.com/dttpubs/pubs.htm

IAS 36 Impairment of Assets

Effective date

Applies to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 31 March 2004, and to all other assets prospectively for periods beginning on or after 31 March 2004.

Amendments resulting from *Improvements to IFRSs* (May 2008) requiring disclosure of estimates used to determine recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives are effective 1 January 2009, with earlier application permitted.

Objective

To ensure that assets are carried at no more than their recoverable amount, and to prescribe how recoverable amount is calculated.

Summary

- IAS 36 applies to all assets except inventories (see IAS 2), assets arising from construction contracts (see IAS 11), deferred tax assets (see IAS 12), assets arising from employee benefits (see IAS 19), financial assets (see IAS 39), investment property measured at fair value (see IAS 40), and biological assets related to agricultural activity measured at fair value less estimated point-of-sale costs (see IAS 41).
- An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.
- An impairment loss is recognised in profit or loss for assets carried at cost; and treated as a revaluation decrease for assets carried at revalued amount.
- Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset, and from its disposal at the end of its useful life.

- Discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount rate used does not reflect risks for which future cash flows have been adjusted and is the rate of return that investors would require if they were to choose an investment that would generate cash flows equivalent to those expected from the asset.
- At the end of each reporting period, assets are reviewed to look for any indication that an asset may be impaired. If impairment is indicated, the asset's recoverable amount is calculated.
- Goodwill and other intangibles with indefinite useful lives are tested for impairment at least annually, and recoverable amount calculated.
- If it is not possible to determine the recoverable amount for an individual asset, then the recoverable amount of the asset's cash-generating unit is determined. The impairment test for goodwill is performed at the lowest level within the entity at which goodwill is monitored for internal management purposes, provided that the unit or group of units to which goodwill is allocated is not larger than an operating segment under IFRS 8 (or, prior to the adoption of IFRS 8, a segment under IAS 14).
- Reversal of prior years' impairment losses is permitted in certain instances (prohibited for goodwill).

Interpretations

Refer to IAS 34 for a summary of IFRIC 10 *Interim Financial Reporting and Impairment*.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Effective date

Periods beginning on or after 1 July 1999.

Objective

To ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets, and to ensure that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

Summary

- A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably.
- The amount recognised as a provision is the best estimate of the settlement amount at the end of the reporting period.
- Provisions are reviewed at the end of each reporting period to adjust for changes in estimate.
- Provisions are utilised only for original purposes.
- Examples of provisions may include onerous contracts, restructuring provisions, warranties, refunds and site restoration.
- Planned future expenditure, even where authorised by the board of directors or equivalent governing body, is excluded from recognition, as are accruals for self-insured losses, general uncertainties, and other events that have not yet taken place.
- A contingent liability arises when:
  - there is a possible obligation to be confirmed by a future event that is outside the control of the entity; or
  - a present obligation may, but probably will not, require an outflow of resources; or
  - a sufficiently reliable estimate of the amount of a present obligation cannot be made (this is rare).

- Contingent liabilities require disclosure only (no recognition). If the possibility of outflow is remote, then no disclosure.
- A contingent asset arises when the inflow of economic benefits is probable, but not virtually certain, and occurrence depends on an event outside the control of the entity.
- Contingent assets require disclosure only. If the realisation of income is virtually certain, the related asset is not a contingent asset and recognition is appropriate.

Interpretations

IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities

Provisions are adjusted for changes in the amount or timing of future costs and for changes in the market-based discount rate.

IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Funds

IFRIC 5 deals with the accounting, in the financial statements of the contributor, for interests in decommissioning, restoration and environmental rehabilitation funds established to fund some or all of the costs of decommissioning assets or to undertake environmental rehabilitation.

IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (WE&EE)

IFRIC 6 provides guidance on the accounting for liabilities for waste management costs. Specifically, it considers the appropriate trigger for recognition of an obligation to contribute to the costs of disposing of waste equipment based on the entity's share of the market in a measurement period. The Interpretation concludes that the event that triggers liability recognition is participation in the market during a measurement period.

IAS 38 Intangible Assets

Effective date

Applies to intangible assets acquired in business combinations for which the agreement date is on or after 31 March 2004, and to all other intangible assets prospectively for periods beginning on or after 31 March 2004.

Amendments resulting from *Improvements to IFRSs* (May 2008) regarding:

- unit of production method of amortisation; and
- advertising and promotional activities.

Amendments are effective 1 January 2009, with earlier application permitted.

Objective

To prescribe the accounting treatment for recognising, measuring and disclosing all intangible assets that are not dealt with specifically in another IFRS.

Summary

- An intangible asset, whether purchased or self-created, is recognised if:
  - it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
  - the cost of the asset can be measured reliably.
- Additional recognition criteria for internally-generated intangible assets.
- All research costs are charged to expense when incurred.
- Development costs are capitalised only after technical and commercial feasibility of the resulting product or service have been established.

- Intangible assets, including in-process research and development, acquired in a business combination are recognised separately from goodwill if they arise as a result of contractual or legal rights, or they are separable from the business. In these circumstances the recognition criteria (probability of inflow of future economic benefits and reliable measurement – see above) are always considered to be satisfied.
- Internally-generated goodwill, brands, mastheads, publishing titles, customer lists, start-up costs, training costs, advertising costs and relocation costs are never recognised as assets.
- If an intangible item does not meet both the definition and the recognition criteria for an intangible asset, expenditure on the item is recognised as an expense when it is incurred, except if the cost is incurred as part of a business combination, in which case it forms part of the amount recognised as goodwill at the acquisition date.
- An entity may recognise a prepayment asset for advertising or promotional expenditure. Recognition of an asset would be permitted up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services. Mail order catalogues specifically identified as a form of advertising and promotional activities.
- For the purpose of accounting subsequent to initial acquisition, intangible assets are classified as:
  – indefinite life: no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. (Note – 'indefinite' does not mean 'infinite'); and
  – finite life: a limited period of benefit to the entity.

- Intangible assets may be accounted for using a cost model or a revaluation model (permitted only in limited circumstances – see below). Under the cost model, assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.
- If an intangible asset has a quoted market price in an active market (which is uncommon), an accounting policy choice of a revaluation model is permitted. Under the revaluation model, the asset is carried at a revalued amount, which is fair value at revaluation date less any subsequent depreciation and any subsequent impairment losses.
- The cost (residual value is normally zero) of an intangible asset with a finite useful life is amortised over that life. Impairment testing under IAS 36 is required whenever there is an indication that the carrying amount exceeds the recoverable amount of the intangible asset.
- Intangible assets with indefinite useful lives are not amortised but are tested for impairment on an annual basis. If recoverable amount is lower than the carrying amount, an impairment loss is recognised. The entity also considers whether the intangible continues to have an indefinite life.
- Under the revaluation model, revaluations are carried out regularly. All items of a given class are revalued (unless there is no active market for a particular asset). Revaluation increases are recognised in other comprehensive income and accumulated in equity. Revaluation decreases are charged first against the revaluation surplus in equity related to the specific asset, and any excess against profit or loss. When the revalued asset is disposed of, the revaluation surplus remains in equity and is not reclassified to profit or loss.
- Normally, subsequent expenditure on an intangible asset after its purchase or completion is recognised as an expense. Only rarely are the asset recognition criteria met.

Interpretations

SIC 32 Intangible Assets – Web Site Costs

Certain initial infrastructure development and graphic design costs incurred in web site development may be capitalised.

IAS 39 Financial Instruments: Recognition and Measurement

Effective date

Annual periods beginning on or after 1 January 2005, except the 2004 and 2005 revisions for the fair value option, cash flow hedge accounting of forecast intragroup transactions, and financial guarantee contracts are effective 1 January 2006.

Amendments resulting from *Improvements to IFRSs* (May 2008) regarding:

- designating and documenting hedges at the segment level;
- applicable effective interest rate on cessation of fair value hedge accounting; and
- reclassification of instruments into or out of fair value through profit or loss.

Amendments are effective 1 January 2009, with earlier application permitted.

Amendments (July 2008) regarding eligible hedged items are effective for annual periods beginning on or after 1 July 2009, with earlier application permitted.

Amendments (October 2008) permitting reclassification of certain financial assets out of fair value through profit or loss and available for sale categories are effective from 1 July 2008. No earlier application is permitted.

Amendments (March 2009) regarding reassessments of embedded derivatives are effective for annual periods ending on or after 30 June 2009.

Objective

To establish principles for recognising, derecognising and measuring financial assets and financial liabilities.

Summary

- All financial assets and financial liabilities, including all derivatives and certain embedded derivatives, are recognised in the statement of financial position.
- Financial instruments are initially measured at fair value on date of acquisition or issue. Usually this is the same as cost, but sometimes an adjustment is required.
- An entity has an option of recognising normal purchases and sales of securities in the market place consistently either at trade date or settlement date. If settlement-date accounting is used, IAS 39 requires recognition of certain value changes between trade and settlement dates.
- For the purpose of measuring a financial asset subsequent to initial recognition, IAS 39 classifies financial assets into four categories:

  1. Loans and receivables not held for trading.
  2. Held-to-maturity (HTM) investments, such as debt securities and mandatorily redeemable preference shares, that the entity intends and is able to hold to maturity. If an entity sells any HTM investments (other than in exceptional circumstances), all of its other HTM investments are reclassified as available-for-sale (category 4 below) for the current and next two financial reporting periods.
  3. Financial assets measured at fair value through profit or loss, which includes those held for trading (short-term profit-taking) and any other financial asset that the entity designates (the 'fair value option'). Derivative assets are always in this category unless they are designated as hedging instruments.
  4. Available-for-sale financial assets (AFS) – all financial assets that do not fall into one of the other three categories. This includes all investments in equity instruments that are not measured at fair value through profit or loss. Additionally, an entity may designate any loans and receivables as AFS.

- The use of the ‘fair value option’ (3 above) is restricted to those financial instruments designated on initial recognition that meet at least one of the following criteria:
  – where the fair value option eliminates an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases;
  – those that are part of a group of financial assets, financial liabilities, or both that are managed, and their performance is evaluated by management on a fair value basis in accordance with a documented risk management or investment strategy; and
  – those that contain one or more embedded derivatives, except if the embedded derivative does not modify significantly the associated cash flows or it is clear with little or no analysis that separation is prohibited.
- Certain financial assets can be reclassified out of fair value through profit or loss or AFS if specified criteria are met.
- Subsequent to initial recognition:
  – all financial assets in categories 1 and 2 above are carried at amortised cost, subject to a test for impairment;
  – all financial assets in category 3 above are carried at fair value, with value changes recognised in profit or loss; and
  – all financial assets in category 4 above (AFS) are measured at fair value in the statement of financial position, with value changes recognised in other comprehensive income, subject to impairment testing. If the fair value of an AFS asset cannot be measured reliably, the asset is carried at cost.

- After acquisition, most financial liabilities are measured at original recorded amount less principal repayments and amortisation. Three categories of liabilities are measured at fair value with value changes recognised in profit or loss:
  - derivative liabilities (unless designated as a hedging instrument in an effective cash flow hedge);
  - liabilities held for trading (short sales); and
  - any liabilities that the entity designates, at issuance, to be measured at fair value through profit or loss (the 'fair value option' – see above).
- Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The IAS 39 fair value hierarchy:
  - best is quoted market price in an active market;
  - otherwise use a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or option pricing models.
- IAS 39 establishes conditions for determining when a financial asset or liability should be removed from the statement of financial position (derecognised). Derecognition of a financial asset is not permitted to the extent to which the transferor has retained (1) substantially all risks and rewards of the transferred asset or part of the asset, or (2) control of an asset or part of an asset for which it has neither retained nor transferred substantially all risks and rewards.

- Hedge accounting (recognising the offsetting effects of both the hedging instrument and the hedged item in the same period's profit or loss) is permitted in certain circumstances, provided that the hedging relationship is clearly designated and documented, measurable, and actually effective. IAS 39 provides for three types of hedges:
  - fair value hedge: if an entity hedges a change in fair value of a recognised asset or liability or firm commitment, the change in fair values of both the hedging instrument and the hedged item are recognised in profit or loss when they occur;
  - cash flow hedge: if an entity hedges changes in the future cash flows relating to a recognised asset or liability or a highly probable forecast transaction, then the change in fair value of the hedging instrument is recognised in other comprehensive income to the extent that the hedge is effective until such time as the hedged future cash flows occur; and
  - hedge of a net investment in a foreign entity: this is treated like a cash flow hedge.
- A hedge of foreign currency risk in a firm commitment may be accounted for as a fair value hedge or as a cash flow hedge.
- The foreign currency risk of a highly probable intragroup transaction is permitted to qualify as the hedged item in a cash flow hedge in the consolidated financial statements, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect the consolidated profit or loss.
- If the hedge of a forecast intragroup transaction qualifies for hedge accounting, any gain or loss that is recognised in other comprehensive income in accordance with the hedging rules in IAS 39 is reclassified from equity to profit or loss in the same period or periods in which the foreign currency risk of the hedged transaction affects profit or loss.

- October 2008 amendments permit an entity to reclassify non-derivative financial assets out of the FVTPL and AFS categories in limited circumstances. The amendments specify criteria for reclassification, and requirements for measurement at the reclassification date and subsequently.
- March 2009 amendments prohibit reclassification out of FVTPL if an entity is unable to separately measure the embedded derivative on reclassification. In such circumstances the entire (combined) contract remains classified as at FVTPL.
- A portfolio hedge of interest rate risk (hedging an amount rather than a specific asset or liability) can qualify as a fair value hedge.

Interpretations

IFRIC 9 Reassessment of Embedded Derivatives

Generally, determination as to whether to account for an embedded derivative separately from the host contract is made when the entity first becomes a party to the host contract, and is not subsequently reassessed.

A first-time adopter of IFRSs makes its assessment based on conditions existing when the entity became party to the hybrid contract, not when it adopts IFRSs.

An entity only revisits its assessment if the terms of the contract change, and the expected future cash flows of the embedded derivative, the host contract, or both, change significantly relative to the previously expected cash flows on the contract.

Amended in March 2009 to clarify that on reclassification (as permitted by the October 2008 amendments to IAS 39), the instrument reclassified must be assessed for separation of embedded derivatives. Effective for annual periods ending on or after 30 June 2009.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.

The hedging instrument(s) may be held by any entity or entities within the group except for the entity being hedged as long as the designation and effectiveness requirements for a hedge of a net investment are satisfied.

Where a foreign operation is disposed of, IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, while IAS 21 must be applied in respect of the hedged item.

IAS 39 guidance

Implementation guidance is provided in the IASB's annual bound volume of IFRSs.

Useful Deloitte publication

iGAAP 2008: Financial instruments: IAS 32, IAS 39 and IFRS 7 explained

4th edition (May 2008). Guidance on how to apply these complex Standards, including illustrative examples and interpretations. Information at www.iasplus.com/dttpubs/pubs.htm

IAS 40 Investment Property

Effective date

Annual periods beginning on or after 1 January 2005.

Amendments as a result of *Improvements to IFRSs* (May 2008) regarding property under construction or development for future use as investment property are effective from 1 January 2009.

Objective

To prescribe the accounting treatment for investment property and related disclosures.

Summary

- Investment property is land or buildings held (whether by the owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both.
- IAS 40 does not apply to owner-occupied property or property that is being constructed or developed for future use as investment property, or property held for sale in the ordinary course of business.
- Mixed-use property (partly used by the owner and partly held for rental or appreciation) must be split with components accounted for separately.
- An entity chooses either the fair value model or the cost model;
  - fair value model: investment property is measured at fair value, and changes in fair value are recognised in profit or loss; and
  - cost model: investment property is measured at depreciated cost less any accumulated impairment losses. Fair value of the investment property is disclosed.
- The chosen measurement model is applied to all of the entity's investment property.
- If an entity uses the fair value model but, when a particular property is acquired, there is clear evidence that the entity will not be able to determine fair value on a continuing basis, the cost model is used for that property – and it must continue to be used until disposal of the property.
- Change from one model to the other is permitted if it will result in a more appropriate presentation (highly unlikely for change from fair value to cost model).

- A property interest held by a lessee under an operating lease can qualify as investment property provided that the lessee uses the fair value model of IAS 40. In this case, the lessee accounts for the lease as if it were a finance lease.

Interpretations

None.

IAS 41 Agriculture

Effective Date

Periods beginning on or after 1 January 2003.

Amendments resulting from *Improvements to IFRSs* (May 2008) regarding:

- discount rate for fair value calculations; and
- additional biological transformation.

Amendments are effective from 1 January 2009.

Objective

To prescribe accounting for agricultural activity – the management of the biological transformation of biological assets (living plants and animals) into agricultural produce.

Summary

- All biological assets are measured at fair value less estimated point-of-sale costs, unless fair value cannot be measured reliably.
- Agricultural produce is measured at fair value at the point of harvest less estimated point-of-sale costs. Because harvested produce is a marketable commodity, there is no 'measurement reliability' exception for produce.
- Any change in the fair value of biological assets during a period is reported in profit or loss.
- Exception to fair value model for biological assets: if there is no active market at the time of recognition in the financial statements, and no other reliable measurement method, then the cost model is used for the specific biological asset only. The biological asset is measured at depreciated cost less any accumulated impairment losses.

- Quoted market price in an active market generally represents the best measure of the fair value of a biological asset or agricultural produce. If an active market does not exist, IAS 41 provides guidance for choosing another measurement basis.
- The May 2008 amendments permit additional biological transformation to be taken into consideration when calculating the fair value of biological assets using discounted cash flows.
- Fair value measurement stops at harvest. IAS 2 applies after harvest.

Interpretations None.

IFRIC 12 Service Concession Arrangements

> Note: This Interpretation draws from several Standards and is included separately due to its complexity and significance.

Effective date Periods beginning on or after 1 January 2008.

Objective To address the accounting by private sector operators involved in the provision of public sector infrastructure assets and services.
The Interpretation does not address the accounting for the government (grantor) side of such arrangements.

Summary

- For all arrangements falling within the scope of the Interpretation (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator recognises:
  - a financial asset – where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement; or

- an intangible asset – where the operator's future cash flows are not specified (e.g. where they will vary according to usage of the infrastructure asset); or
- both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

IFRIC 17 Distributions of Non-cash Assets to Owners

Note: This Interpretation draws from several Standards and is included separately due to its complexity and significance.

Effective date

Annual periods beginning on or after 1 July 2009. Earlier application is permitted with some restrictions.

Objective

To address the accounting when non-cash assets are distributed to owners.

Summary

- A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.
- An entity should measure the dividend payable at the fair value of the net assets to be distributed. The liability should be remeasured at each reporting date with changes recognised directly in equity.
- The difference between the dividend paid and the carrying amount of the net assets distributed should be recognised in profit or loss.

Current IASB agenda projects

Our **www.iasplus.com** website has the latest information about the IASB and IFRIC agenda projects and research topics, including summaries of decisions reached at each IASB and IFRIC meeting.

The following is a summary of the IASB's agenda projects at 31 March 2009.

* Convergence project with FASB

Topic	Project	Status
Annual improvements	Minor amendments to IFRSs:	
	• 2008-2009	Final IFRS expected first half 2009
	• 2009-2010	ED expected second half 2009
Common control transactions	Addresses the accounting for combinations between entities or businesses under common control in the acquirer's consolidated and separate financial statements.	Added to agenda in December 2007 Timing of work yet to be determined
Conceptual framework*	The project is being addressed in eight phases:	
	A Objectives and qualitative characteristics	Final Phase A chapters expected first half 2009
	B Elements and recognition	DP on Phase B planned for 2010
	C Measurement	DP on Phase C planned for second half of 2009
	D Reporting entity	ED on Phase D planned for second half 2009
	E Presentation and disclosure F Purpose and status of framework G Applicability to not-for-profit entities H Other issues, if necessary	IASB has not yet determined timing of other phases

Topic	Project	Status
Consolidation, including special purpose entities*	The objective of the project is to provide more rigorous guidance on the concept of 'control' as the basis for preparing consolidated financial statements.	ED issued December 2008
Derecognition	The revision of conflicting aspects of IAS 39's guidance on derecognition.	ED issued March 2009
Discontinued Operations and Non-current Assets Held for Sale	The goal of this project is to amend the definition of a discontinued operation in IFRS 5.	ED issued September 2008 Final IFRS expected first half 2009
Earnings per Share	Amendment of IAS 33 re treasury stock method and several other issues.	ED issued August 2008 IFRS expected second half 2009
Emission trading schemes	Addresses the accounting for emission trading rights, including any government grants associated with such rights but will not address government grants more generally.	ED expected second half 2009
Fair value measurement guidance*	To provide guidance to entities on how they should measure the fair value of assets and liabilities when required by other Standards.	DP wrap-around of FAS 157 *Fair Value Measurement* was issued in November 2006 ED expected first half 2009
Financial instruments: comprehensive project	The review of IAS 39 will focus on improving, simplifying, and ultimately replacing the standard.	ED expected second half 2009
Financial instruments with characteristics of equity	This project addresses the distinction between liabilities and equity.	ED expected second half 2009

Topic	Project	Status
Financial statement presentation (performance reporting)*	In two phases: A Which financial statements and comparative information B Presentation in the financial statements	 Final IFRS issued in September 2007 ED expected 2010
Government grants	The objective of this project is to improve IAS 20.	Work has been deferred pending completion of the Liabilities Project The revised timetable has not yet been announced
IFRS 1 issues	Transitional issues faced by jurisdictions expected to adopt IFRSs in coming years	ED issued September 2008 IFRS expected second half 2009
IFRS 2 amendment	Group cash-settled share-based payment transactions (IFRS 2 and IFRIC 11)	IFRS expected second quarter 2009
Impairment*	Reconsideration of IAS 36 *Impairment of Assets*	Staff research is in progress
Income taxes*	Aimed at reducing the differences between IAS 12 *Income Taxes* and the US standard, SFAS 109 *Accounting for Income Taxes*.	ED issued March 2009 Final Standard expected 2010
Insurance contracts Phase II	The objective of the project is to take a fresh look at accounting for insurance contracts.	ED expected second half 2009
Joint ventures*	Replacement of IAS 31 *Interests in Joint Ventures* with a Standard that reduces options and focuses on underlying rights and obligations.	ED issued September 2007 Final IFRS expected second quarter 2009
Leases*	The objective of the project is to improve the accounting for leases by developing an approach that is more consistent with the conceptual framework definitions of assets and liabilities.	DP issued March 2009 ED expected first half 2010

Topic	Project	Status
Liabilities (IAS 37 amendments)	The objective of the project is to improve the requirements relating to identification and recognition of liabilities.	ED was issued in June 2005 Final IFRS expected second half 2009
Management commentary	• Added to agenda in December 2007. • Objective of this project is to develop a model for a narrative report that would accompany but be presented outside of the financial statements. • The output would be a best practice guidance document.	IASB issued a DP for comment in October 2005 ED expected second quarter 2009
Post-employment benefits (including pensions)	The project includes: • a targeted series of improvements to IAS 19 to be completed within a four year period; and • a comprehensive review of the existing pension accounting model in conjunction with FASB.	DP issued March 2008 ED expected second half 2009
Rate-regulated activities	The main objective is to address whether rate-regulated entities could or should recognise a liability (or an asset) as a result of rate regulation by regulatory bodies or governments.	ED expected second quarter 2009
Related Party Disclosures	The main objectives of the project are to address: • the requirements in IAS 24 for entities with significant state ownership when they transact with similar entities; and • a number of changes required in the detail of the definition of related party.	Revised ED issued December 2008 Final IFRS expected second half 2009

Topic	Project	Status
Revenue recognition*	The objective of the project is to develop general principles for determining when revenue should be recognised in the financial statements.	DP issued December 2008 ED expected 2010
(IFRS for) Small and medium-sized entities	The objective of the project is to develop an International Financial Reporting Standard for entities that do not have public accountability.	ED was issued in February 2007 Final Standard expected first half 2009

IASB active research topics

Topic	Status
Intangible assets (Convergence project with the FASB)	• To develop a consistent approach to recognition and measurement of intangible assets, including purchased and internally generated intangible assets not related to a business combination. • Staff research paper being developed. • Decision in December 2007 not to add this project to the agenda but to continue as a research project.
Extractive activities	• To focus on the factors influencing the estimation of reserves and resources and the major reserve reporting codes and classification systems used in the extractive industries. • A group of national standard setters is developing a discussion paper expected in the first half of 2009.

IASC Foundation project

Topic	Status
IFRS XBRL Taxonomy	• Refer to http://www.iasb.org/XBRL/XBRL.htm

Interpretations

Interpretations of IASs and IFRSs are developed by the International Financial Reporting Interpretations Committee (IFRIC), which replaced the Standing Interpretations Committee (SIC) in 2002. Interpretations are part of IASB's authoritative literature. Therefore, financial statements may not be described as complying with International Financial Reporting Standards unless they comply with all the requirements of each applicable Standard and each applicable Interpretation.

IFRIC Interpretations

The following Interpretations have been issued by the International Financial Reporting Interpretations Committee (IFRIC) starting in 2004 through 31 March 2009.

- IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments*
- IFRIC 3 – withdrawn
- IFRIC 4 *Determining whether an Arrangement contains a Lease*
- IFRIC 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- IFRIC 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
- IFRIC 7 *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*
- IFRIC 8 *Scope of IFRS 2*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 10 *Interim Financial Reporting and Impairment*
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 12 *Service Concession Arrangements*
- IFRIC 13 *Customer Loyalty Programmes*
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- IFRIC 17 *Distributions of Non-cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*

SIC Interpretations

The following Interpretations, issued by the Standing Interpretations Committee (SIC) from 1997-2001, remain in effect. All other SIC Interpretations have been superseded by amendments to IASs or new IFRSs issued by the IASB:

- SIC-7 *Introduction of the Euro*
- SIC-10 *Government Assistance – No Specific Relation to Operating Activities*
- SIC-12 *Consolidation – Special Purpose Entities*
- SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by* Venturers
- SIC-15 *Operating Leases – Incentives*
- SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets*
- SIC-25 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
- SIC-27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*
- SIC-29 *Service Concession Arrangements: Disclosures*
- SIC-31 *Revenue – Barter Transactions Involving Advertising Services*
- SIC-32 *Intangible Assets – Web Site Costs*

Items not added to IFRIC agenda

We maintain on **www.iasplus.com** a list of over 140 issues that the IFRIC considered adding to its agenda but decided not to do so. In each case, the IFRIC announces its reason for not taking the issue onto its agenda. By their nature, those announcements provide helpful guidance in applying IFRSs. You will find the list at **www.iasplus.com/ifric/notadded.htm**

IFRIC due process

In February 2007, the Trustees of the IASC Foundation published the Due Process Handbook for the International Financial Reporting Interpretations Committee (IFRIC). A copy may be downloaded from the IASB's website www.iasb.org

The IFRIC approves draft and final Interpretations if not more than four of the fourteen IFRIC members vote against. Final Interpretations must then be approved by the IASB (at least nine votes in favour).

IFRIC current agenda issues

The following is a summary of the IFRIC's agenda projects at 31 March 2009.

Standard	Topic	Status
IFRIC 14	Voluntary Prepaid Contributions under a Minimum Funding Requirement	Active
IAS 38	REACH (European Commission Regulation Concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals)	Active

Deloitte IFRS e-learning

Deloitte is pleased to make available, in the public interest and without charge, our e-learning training materials for IFRSs. Modules are available for virtually all IASs/IFRSs. They are kept up to date regularly.

Each module involves downloading a 4mb to 6mb zip file and extracting the enclosed files and directory structure into a directory on your computer.

Before downloading, you will be asked to read and accept a disclaimer notice. The e-learning modules may be used and distributed freely by those registering with the site, without alteration from the original form and subject to the terms of the Deloitte copyright over the material.

To download, go to **www.iasplus.com** and click on the light bulb icon on the home page.

Website addresses

Deloitte Touche Tohmatsu

www.deloitte.com

www.iasplus.com

IASB

www.iasb.org

Some national standard-setting bodies

Australian Accounting Standards Board	www.aasb.com.au
Canadian Accounting Standards Board	www.acsbcanada.org
China Accounting Standards Committee	www.casc.gov.cn/internet/internet/en.html
Conseil National de la Comptabilité (France)	www.minefi.gouv.fr/directions_services/CNCompta/
German Accounting Standards Board	www.drsc.de
Accounting Standards Board of Japan	www.asb.or.jp
Korea Accounting Standards Board	http://eng.kasb.or.kr
New Zealand Financial Reporting Standards Board and New Zealand Accounting Standards Review Board	www.nzica.com www.asrb.co.nz
Accounting Standards Board (United Kingdom)	www.asb.org.uk
Financial Accounting Standards Board (USA)	www.fasb.org

International Auditing and Assurance Standards Board

www.ifac.org/iaasb

International Federation of Accountants

www.ifac.org

International Organization of Securities Commissions

www.iosco.org

Our IAS Plus website has a page with links to nearly 200 accounting-related websites: **www.iasplus.com/links/links.htm**

Subscribe to our *IAS Plus Update* newsletter

Deloitte publishes an *IAS Plus Update* newsletter to address important pronouncements and proposals and other major news events in detail.

If you would like to receive alerts to these newsletters, with download links, via email, you can subscribe by visiting the IAS Plus website:
www.iasplus.com/subscribe.htm

Electronic editions of the *IAS Plus Update* newsletter are available at **www.iasplus.com/iasplus/iasplus.htm**

We also offer alerts via our RSS feed – subscribe on the IAS Plus website home page.

Notes

Notes

Notes

Deloitte IFRS resources

In addition to this publication, Deloitte Touche Tohmatsu has a range of tools and publications to assist in implementing and reporting under IFRSs. These include:

www.iasplus.com	Updated daily, iasplus.com is your one-stop shop for information related to IFRSs.
Deloitte's IFRS e-Learning modules	e-Learning IFRS training materials, one module for each IAS and IFRS and the Framework, with self-tests, available without charge at **www.iasplus.com**
IAS Plus newsletter	Quarterly newsletter on recent developments in IFRSs and accounting updates for individual countries. Special editions for important developments. To subscribe, visit **www.iasplus.com**
Presentation and disclosure checklist	Checklist incorporating all of the presentation and disclosure requirements of Standards.
Model financial statements	Model financial statements illustrating the presentation and disclosure requirements of IFRSs.
iGAAP 2007 Financial instruments: IAS 32, IAS 39 and IFRS7 explained	3rd edition (March 2007). Guidance on how to apply these complex Standards, including illustrative examples and interpretations.
First-time adoption: A guide to IFRS 1	Application guidance for the "stable platform" standards effective in 2005.
Share-based payments: A guide to IFRS 2	Guidance on applying IFRS 2 to many common share-based payment transactions.
Business combinations: A guide to IFRS 3	Supplements the IASB's own guidance for applying this Standard.
Assets held for sale and discontinued operations: A guide to IFRS 5	Detailed summaries and explanations of the requirements of the Standard, including examples of application and discussion of evolving literature.
Interim financial reporting: A guide to IAS 34	Guidance on applying the interim reporting standard, including a model interim financial report and an IAS 34 compliance checklist.

For more information on Deloitte Touche Tohmatsu, please access our website at www.deloitte.com

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in 140 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's 150,000 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

Designed and produced by The Creative Studio at Deloitte, London. 29927

Deloitte
Touche
Tohmatsu